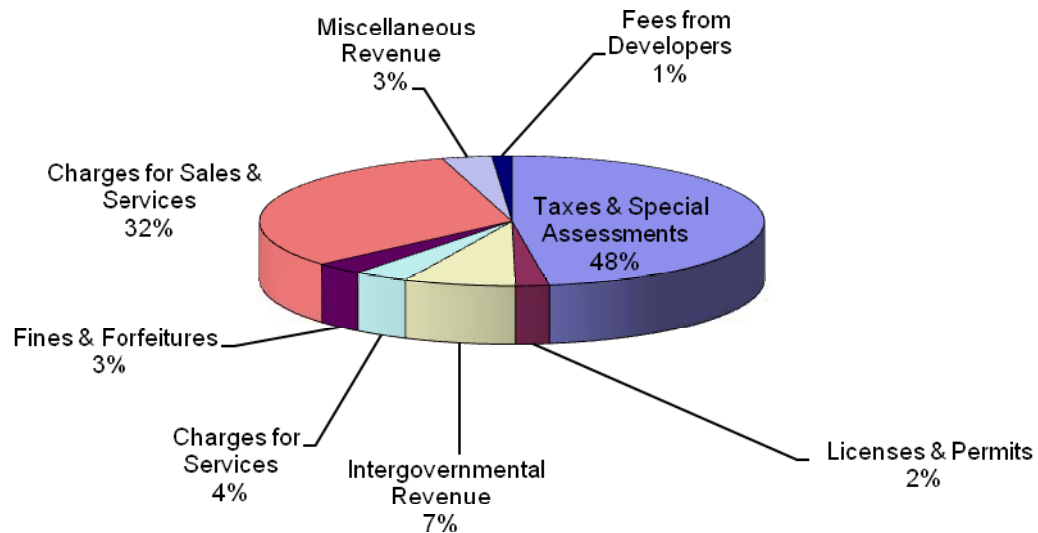
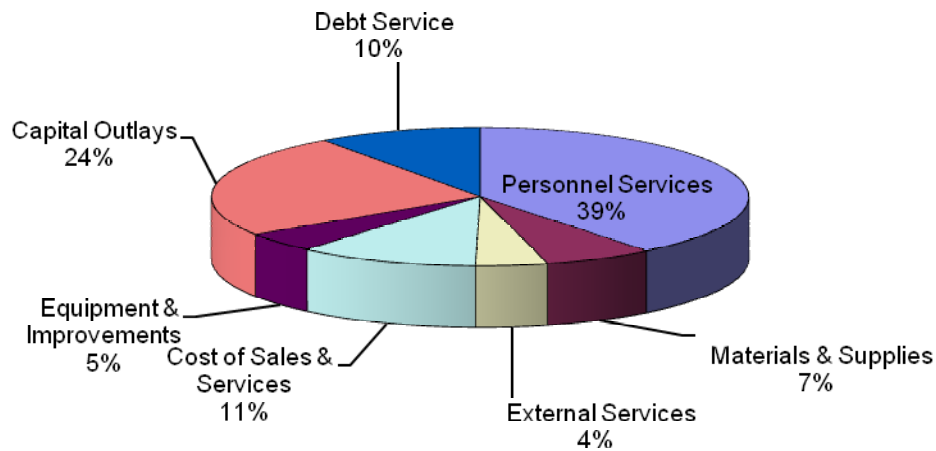


BUDGET SUMMARY

Consolidated Financing Sources FY 2009



Consolidated Financing Uses FY 2009



Budget Summary**Consolidated Budget**

| SUMMARY | 2005 Actual | 2006 Actual | 2007 Actual | 2008 Estimated | 2009 Approved |
|---|------------------------|------------------------|------------------------|---------------------------|--------------------------|
| Financing Sources: | | | | | |
| Taxes & Special Assessments | \$ 36,265,653 | \$ 38,751,615 | \$ 40,719,450 | \$ 45,493,448 | \$ 45,143,773 |
| Licenses & Permits | 2,011,739 | 2,571,942 | 2,748,928 | 2,339,400 | 2,030,200 |
| Intergovernmental Revenue | 3,996,485 | 5,585,545 | 5,828,135 | 14,321,585 | 6,760,179 |
| Charges for Services | 2,122,465 | 2,180,269 | 2,433,425 | 2,387,550 | 3,312,831 |
| Fines & Forfeitures | 2,587,126 | 2,615,913 | 3,070,564 | 2,856,000 | 2,978,000 |
| Charges for Sales & Services | 22,507,581 | 25,347,171 | 27,055,917 | 28,008,405 | 30,317,373 |
| Bond Proceeds | 17,377,599 | 3,740,798 | - | 41,642,793 | - |
| Miscellaneous Revenue | 4,306,352 | 6,094,749 | 8,717,375 | 5,786,012 | 3,020,365 |
| Fees from Developers | 1,317,887 | 3,065,525 | 2,108,322 | 2,093,224 | 1,203,900 |
| Total Financing Sources | 92,492,887 | 89,953,527 | 92,682,116 | 144,928,417 | 94,766,621 |
| Financing Uses: | | | | | |
| Personnel Services | 30,247,038 | 32,126,483 | 33,996,850 | 36,907,833 | 39,190,650 |
| Materials & Supplies | 5,561,300 | 5,019,493 | 5,163,129 | 6,751,468 | 6,525,963 |
| External Services | 3,258,138 | 3,638,557 | 3,228,812 | 4,591,790 | 4,283,581 |
| Cost of Sales & Services | 8,160,888 | 8,833,805 | 9,234,152 | 10,643,029 | 10,768,013 |
| Equipment & Improvements | 1,978,288 | 2,927,421 | 1,619,211 | 41,321,950 | 4,577,463 |
| Capital Outlays | 12,013,517 | 24,266,249 | 25,984,376 | 73,223,565 | 24,273,942 |
| Debt Service | 9,612,026 | 8,738,435 | 8,375,055 | 10,401,682 | 9,828,133 |
| Bond Refunding | 15,695,000 | 3,670,000 | 3,251,000 | - | - |
| Total Financing Uses | 86,526,195 | 89,220,443 | 90,852,585 | 183,841,317 | 99,447,745 |
| Excess (Deficiency) of Financing Sources over Financing Uses | \$ 5,966,692 | \$ 733,084 | \$ 1,829,531 | \$(38,912,900) | \$ (4,681,124) |

Notes to the Consolidated Budget Schedule

Internal Services and Transfers - The consolidated schedule attempts to eliminate double counting, and therefore it excludes internal services charges both as financing uses in the departments and as revenue in the internal service funds. By so doing, the costs of internal services such as fleet, information services, and risk management are broken out into individual components such as personnel, materials & supplies, capital outlays, etc. The consolidated schedule also excludes all interfund transfers.

Capital Outlays - The capital outlays line includes all operating and non-operating capital outlays as well as all capitalized labor, materials, and supplies. As a result, the personnel services line includes all salary and benefit costs except those that have been capitalized which are \$1,242,122 for FY 2009. Capitalized material and supplies total \$36,900. Capitalized internal services are omitted to avoid double counting.

Capital Carryovers - Each year, any unspent appropriation for capital projects is reappropriated in the next year. The City Council holds a public hearing before approving these carryovers in a meeting usually scheduled at the beginning of October. The FY 2008 estimated column is the FY 2008 budget plus any revisions made during the year including the capital project carryovers. The \$73,223,565 shown on the capital outlay line for FY 2008 includes \$35,558,897 that was reappropriated from the prior year. At the close of FY 2008, any remaining appropriation will be reappropriated in FY 2009.

Debt Service - The FY 2009 debt service line includes \$3,860,000 used to retire the current debt.

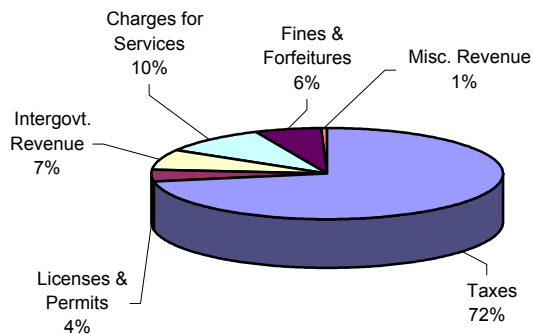
Excess/Deficiency - The line item labeled "Excess (Deficiency) of Financing Sources over Financing Uses" represents a budgeted increase in fund balance in the case of excesses and usage of beginning fund balance in the case of a deficiency. As explained above, the FY 2008 deficit is attributable to the capital projects carryover which is essentially the usage of beginning fund balance.

Budget Summary

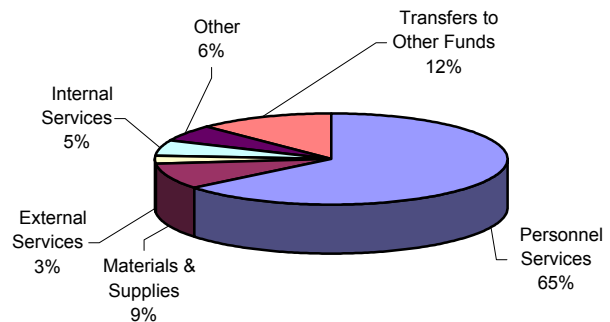
Fund 1 - General

| Summary | 2005 Actual | 2006 Actual | 2007 Actual | 2008 Estimated | 2009 Approved |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Financing Sources: | | | | | |
| Taxes | \$30,042,946 | \$32,182,801 | \$34,387,924 | \$34,887,989 | \$35,911,369 |
| Licenses & Permits | 2,011,739 | 2,571,942 | 2,748,928 | 2,569,510 | 2,030,200 |
| Intergovernmental Revenue | 3,051,028 | 3,768,503 | 3,434,697 | 3,536,222 | 3,540,320 |
| Charges for Services | 3,195,622 | 3,431,798 | 3,847,242 | 4,030,205 | 4,845,233 |
| Fines & Forfeitures | 2,299,500 | 2,448,257 | 2,874,778 | 2,947,075 | 2,978,000 |
| Miscellaneous Revenue | 142,957 | 455,286 | 653,150 | 432,837 | 283,219 |
| Transfers In From Other Funds | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Total Financing Sources | 40,783,792 | 44,898,587 | 47,986,719 | 48,443,838 | 49,628,341 |
| Financing Uses: | | | | | |
| Personnel Services | 24,680,601 | 26,108,752 | 27,655,067 | 30,001,674 | 31,802,622 |
| Materials & Supplies | 4,164,449 | 3,535,642 | 3,700,937 | 4,817,703 | 4,460,670 |
| External Services | 1,114,383 | 1,319,062 | 1,326,611 | 1,607,641 | 1,477,933 |
| Internal Services | 3,354,282 | 2,310,032 | 2,473,177 | 2,570,237 | 2,714,195 |
| Grants | 21,877 | 22,870 | 9,466 | 105,872 | 23,000 |
| Equipment & Improvements | 382,119 | 843,695 | 479,866 | 157,092 | 142,354 |
| Contingency | - | - | - | 4,605 | 271,422 |
| Capitalized Internal Services | - | 1,164,664 | 1,348,847 | 1,511,252 | 1,475,333 |
| Capital Outlays | - | 1,014,297 | 911,968 | 706,192 | 949,224 |
| Transfers to Other Funds | 7,066,081 | 7,837,377 | 9,277,625 | 6,661,457 | 6,182,540 |
| Total Financing Uses | 40,783,792 | 44,156,391 | 47,183,564 | 48,143,725 | 49,499,293 |
| Excess (Deficiency) of Financing Sources over Financing Uses | - | 742,196 | 803,155 | 300,113 | 129,048 |
| Fund Balance - Beginning | 4,154,891 | 4,154,891 | 4,897,087 | 5,700,242 | 6,000,355 |
| Fund Balance - Ending | \$ 4,154,891 | \$ 4,897,087 | \$ 5,700,242 | \$ 6,000,355 | \$ 6,129,403 |

Financing Sources



Financing Uses



Budget Summary**Fund 1 - General**

| Financing Sources | 2005 Actual | 2006 Actual | 2007 Actual | 2008 Estimated | 2009 Approved |
|--|------------------------|------------------------|------------------------|---------------------------|--------------------------|
| Taxes & Special Assessments | | | | | |
| 3111 General Property Taxes | \$ 7,082,393 | \$ 7,075,102 | \$ 7,185,286 | \$ 7,183,754 | \$ 7,249,669 |
| 3112 General Sales & Use Taxes | 15,857,517 | 17,681,709 | 19,286,918 | 19,793,420 | 20,520,000 |
| 3113 Franchise Taxes | 6,284,131 | 6,600,373 | 7,091,234 | 7,168,147 | 7,416,700 |
| 3115 Motor Vehicle Fee | 818,905 | 825,617 | 824,486 | 742,668 | 725,000 |
| Licenses & Permits | | | | | |
| 3121 Business Licenses & Permits | 768,170 | 817,425 | 834,893 | 918,129 | 925,000 |
| 3122 Building Permits | 1,158,167 | 1,662,679 | 1,837,164 | 1,568,949 | 1,027,700 |
| 3123 Animal Licenses | 36,801 | 41,053 | 38,083 | 35,240 | 35,500 |
| 3124 Road Cut Permits | 48,601 | 50,785 | 38,788 | 47,192 | 42,000 |
| Intergovernmental Revenue | | | | | |
| 3131 Federal Grants | 129,465 | 178,471 | 33,822 | 93,622 | - |
| 3132 State Grants | 2,908,921 | 3,579,656 | 3,292,555 | 3,234,280 | 3,232,000 |
| 3133 County Grants | 8,320 | 8,320 | 8,320 | 8,320 | 8,320 |
| 3134 Local Grants | 4,322 | 2,056 | 100,000 | 200,000 | 300,000 |
| Charges for Services | | | | | |
| 3141 Administrative Charges | 1,344,587 | 1,520,720 | 1,705,077 | 1,774,104 | 1,931,193 |
| 3142 Public Safety Fees | 1,428,966 | 1,420,706 | 1,677,532 | 1,883,513 | 2,562,540 |
| 3143 Public Works Fees | 10,382 | 21,513 | 12,383 | 3,685 | 4,500 |
| 3144 Parks & Cemetery Fees | 116,309 | 147,789 | 142,932 | 151,391 | 157,000 |
| 3145 Community Development Fees | 257,202 | 274,517 | 259,324 | 163,644 | 135,000 |
| 3149 Other Services & Fees | 38,176 | 46,553 | 49,994 | 53,868 | 55,000 |
| Fines & Forfeitures | | | | | |
| 3151 Court Fines | 2,270,824 | 2,302,518 | 2,708,124 | 2,800,405 | 2,829,500 |
| 3152 Dog Fines | 28,676 | 28,732 | 24,113 | 26,176 | 27,000 |
| 3153 Court Surcharge | - | 117,007 | 142,541 | 120,494 | 121,500 |
| Miscellaneous Revenue | | | | | |
| 3161 Interest Income | 114,103 | 266,103 | 472,296 | 289,633 | 170,960 |
| 3162 Cell Tower Leases | - | 160,432 | 123,977 | 126,214 | 99,259 |
| 3169 Sundry | 28,854 | 28,751 | 56,877 | 16,990 | 13,000 |
| Transfers In From Other Funds | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Total Financing Sources | \$40,783,792 | \$44,898,587 | \$47,986,719 | \$48,443,838 | \$49,628,341 |
| Transfers to Other Funds | | | | | |
| 44125 Community Events & Arts Fund | \$ 304,201 | \$ 332,750 | \$ 359,089 | \$ 468,220 | \$ 497,445 |
| 44126 Sandy Arts Guild Fund | 108,079 | 107,800 | 93,547 | 187,475 | 206,048 |
| 44131013 Justice Court Building Bonds | 303,670 | 181,419 | 245,665 | 177,985 | 145,229 |
| 44131014 20th East Corridor Acquisition | - | - | 2,163,990 | - | - |
| 4413102 City Hall Bonds | 474,178 | 439,205 | 443,877 | 442,748 | 446,632 |
| 4413103 Municipal Buildings Bonds | - | - | - | 1,347,876 | 841,179 |
| 4413105 Fire Station Bonds | 137,158 | 136,133 | - | - | - |
| 4413106 Innkeeper Bonds | 328,139 | - | - | - | 178,035 |
| 4413108 1996 Road Bonds | 797,861 | 791,816 | 109,116 | - | - |
| 44141 Capital Projects - General Rev. Fund | 3,541,736 | 4,737,605 | 4,124,371 | 2,493,552 | 1,617,083 |
| 4414601 Capital Projects - State Road Fund | 298,408 | 291,530 | 898,588 | 255,500 | 1,214,425 |
| 44153 Electric Utility Fund | 549,654 | 596,121 | 580,234 | 1,017,276 | 750,653 |
| 441540 Recreation Fund | 222,997 | 222,997 | 259,148 | 270,825 | 285,811 |
| Total Transfers to Other Funds | \$ 7,066,081 | \$ 7,837,376 | \$ 9,277,625 | \$ 6,661,457 | \$ 6,182,540 |

GOALS & OBJECTIVES

Sandy City has adopted the following mission statement:

“Working together to enhance the quality of life in our community”

Consistent with this mission, the FY 2008-09 budget reflects the input of numerous individuals and groups, including the Mayor, the City Council, citizens, the Chief Administrative Officer, department heads, budget staff, and others. This section outlines eight areas of focus that have shaped budgetary decisions for this fiscal year in efforts to enhance the quality of life for Sandy citizens. It also includes a summary of results from the citizen survey about the overall direction of the city and citizen priorities.

FY 2008-09 GOALS AND BUDGET ISSUES

1) Maintain and improve basic core municipal services

- Maintain current tax rates.
- Adjust user fees only as justified by cost increases that otherwise would require subsidization with tax revenue.
- Avoid rapid ongoing growth by funding one-time needs with current ongoing money.
- Continue to set aside money in fund balance for financial security.
- Balance taking care of current employees with adding new employees only to maintain service levels expected by citizens.
- (Public Works) Prepare for additional ADA and environmental regulations.
- (Community Development) Purchase and implement development / permit tracking software program.
- (Public Works) Evaluate funding needs for snow removal, fuel costs, and fleet vehicle improvements (backup cameras).
- (Fire) Evaluate revenue and costs of non-emergency transport services.
- (Fire) Increase funding for additional defibrillators and safety gear.

2) Maintain integrity of residential neighborhoods and preserve property values

- Find innovative ways to support and preserve neighborhoods and address absentee landlords and vacant properties.
- Continue the neighborhood preservation initiative.

3) Preserve and improve public infrastructure and transportation systems

- Help make streets and neighborhoods safe through adequate street lighting.
 - Install street lights in Historic Sandy area.
- (Public Utilities) Increase the general fund transfer to compensate for decreasing revenue and increasing power costs.
- Enforce traffic laws for safe travel and safe neighborhoods.
- (Police) Continue mesh node camera system implementation.
- (Public Works) Continue to design and install traffic calming devices and projects that have a measurable impact on traffic speed and safety.
- (Public Works) Continue to fund overlay, sidewalk maintenance, and slurry seal at a level that maintains a high level of service and recognizes the increasing costs of materials.
- Continue the sidewalk maintenance / replacement program.
- (Public Works) Complete construction of major transportation projects in order to handle continually increasing traffic loads. [10000 South Centennial Parkway SPUI, Automall Extension, South Towne Ridge Connector Road, 9400 South (State Street to Monroe), State Street (UDOT).]

- (Public Works) Continue to fund major transportation projects in order to handle continually increasing traffic loads. [1300 East Reconstruction (Match), 2000 East Sego Lily-9800 South and 10600 South to Wasatch Boulevard, Monroe Street widening, Bridge Reconstruction (Match), 9000 South 700 East Intersection (Match).]
- Secure a supply of quality water adequate to satisfy needs for generations to come.
 - (Public Utilities) Continue to secure irrigation water rights when available and preserve our right to Utah Lake System water.
 - (Public Utilities) Continue to fund the capital assessment from Metro.
 - (Public Utilities) Eventually transfer the Union Jordan System to Midvale to increase the water supply for Sandy residents.
- Continue to implement the water master plan.
 - (Public Utilities) Continue to replace mainlines throughout the community at the level recommended in the master plan.
 - (Public Utilities) Increase the capacity of the water system by constructing a new 5 million gallon tank in the Granite area.
- Protect homes and businesses from flooding caused by storms.
 - (Public Utilities) Consider a new bond issue to fund projects on 8000 South, 9000 South, 9400 South, and along the Sandy Irrigation Ditch.
 - (Public Works) Revise the Bulk Waste Collection program to comply with NPDES.

4) Preserve and expand existing businesses / seek new clean commercial businesses

- (Economic Development) Develop a process for property management and disposal.
- (Economic Development) Prepare a historical-benefits analysis of the RDA.
- (Economic Development) Negotiate a development agreement for the area surrounding the soccer stadium.
- (Economic Development) Negotiate a development agreement for the area west of the promenade, which includes a Broadway-style theater.
- (Community Development) Fund the operating needs of the building and safety division to support the construction resulting from new development.
 - Continue to fund the contract building inspector.
 - Continue to fund the building plan peer review.

5) Develop and improve the city's recreational trails and increase recreational opportunities (i.e. provide park and green spaces for recreational activities and to enhance the environment)

- (Parks) Construct Quail Hollow Park based on phasing plan.
- Maintain / renovate existing parks and facilities.
- Continue to implement the trails master plan.

6) Develop and maintain community facilities

- Seek funding for Community Centers.
- Work with Salt Lake County to expand the Sandy Library.
- (Parks) Develop a construction plan for the new Parks & Recreation Administrative Offices / Alta Canyon Community Center.
- (Parks) Design cemetery expansion according to our master plan.
- (Admin) Continue to fund the capital plan for long-term maintenance of city facilities.
- (Public Utilities) Select a location, design, and construct a new Public Utilities operations building.
- (Public Works) Continue to improve the Public Works site.
- (Public Works) Evaluate the addition of a waste transfer station.
- (Community Development) Complete the design and begin implementation of the City Hall Plaza master plan.
- (Public Works) Improve city parking lot maintenance.

7) Strengthen communications with citizens, businesses, and other institutions

- (Admin) Continue to improve the city website, newsletter, e-government / bill pay services, and online interactive maps.
- (Admin) Maintain branding and advertising initiative.
- (Admin) Continue to support the creation of a new school district in partnership with other interlocal cities.
- (Police) Improve business watch program.

8) Maintain a highly qualified employee workforce

- Address issues identified by the salary survey.
- Address benefit issues such as retirement and health insurance.
- Provide a general compensation plan for all employees.

CITIZEN PRIORITIES

The following is a summary of responses to questions about the overall direction of the city and citizen prioritization of issues facing the city. Dan Jones and Associates conducts this survey annually (with the exception of FY 2006 when the survey was not conducted). The results provide valuable feedback on current operations and input on the city's policy direction. Only issues and improvements that received a response rate of 2% or greater have been included. Additionally, selected results from the survey are found throughout this book in the departmental sections.

| Measure (Fiscal Year) | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------|------|------|------|------|
| What is the one major improvement that you would like to see in the next five years that would make living in Sandy City better for you? | | | | | |
| Road improvement | 12% | 13% | N/A | 16% | 11% |
| Better traffic control | 10% | 9% | N/A | 13% | 6% |
| More parks / open space / recreation | 6% | 10% | N/A | 8% | 6% |
| Lower taxes | 7% | 6% | N/A | 4% | 4% |
| Finish roads / no more road construction | -- | -- | N/A | -- | 4% |
| More schools / money to schools / school issues | 2% | 2% | N/A | 4% | 3% |
| Less building / stop building / retail / strip malls | 1% | 2% | N/A | 1% | 3% |
| Against soccer stadium | -- | -- | N/A | 2% | 3% |
| Empty retail spaces / vacancy | -- | -- | N/A | 3% | 2% |
| Clean up city / junk cars / trash | 3% | 2% | N/A | 1% | 2% |
| Better police protection / more police | 5% | 2% | N/A | 3% | 2% |
| More business / grocery stores | 2% | 3% | N/A | 2% | 2% |
| Crime prevention / gang control / graffiti | -- | 1% | N/A | 1% | 2% |
| Miscellaneous city council / government issues | 3% | 1% | N/A | 2% | 2% |
| On/off ramps on I-15 / better freeway access | 3% | 2% | N/A | 1% | 2% |
| Bike / running / walking paths | 1% | 2% | N/A | <1% | 2% |
| What would you consider to be the most important issue facing Sandy City today? | | | | | |
| Growth / increased population | 29% | 20% | N/A | 23% | 19% |
| Schools / education | 8% | 7% | N/A | 11% | 11% |
| ReAL soccer issues | -- | -- | N/A | 9% | 8% |
| Traffic / traffic lights | 5% | 6% | N/A | 7% | 7% |
| Crime / gangs / drugs | 12% | 4% | N/A | 4% | 7% |
| Taxes / high taxes | 4% | 4% | N/A | 3% | 5% |
| Public Safety | -- | 3% | N/A | 3% | 3% |
| Roads / road improvement | 1% | 1% | N/A | 3% | 2% |
| Development / over-development / building | 3% | 4% | N/A | 3% | 2% |
| We need more businesses / tax base | 1% | 3% | N/A | 3% | 2% |
| Government issues / city hall / politician issues | 1% | 3% | N/A | 2% | 2% |

| Measure (Fiscal Year) | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------|------|------|------|------|
| Sandy City's mission statement is "Working together to enhance the quality of life in our community." As you think about this mission statement, how would you personally define quality of life? What makes a good quality of life for you and your family? | | | | | |
| Safety / no fear of crime / safe secure environment | 55% | 55% | N/A | 46% | 52% |
| Clean / well kept up / aesthetically pleasing | 5% | 5% | N/A | 3% | 5% |
| Excellent services / affordable services | 2% | 3% | N/A | 5% | 4% |
| Good neighbors / friendly / care for each other | 3% | 4% | N/A | 5% | 3% |
| Good environment | 2% | 1% | N/A | 4% | 3% |
| Community spirit / togetherness | -- | 2% | N/A | -- | 3% |
| Good schools / educational opportunities | 1% | 2% | N/A | 3% | 3% |
| Everything is convenient | 3% | 1% | N/A | 3% | 2% |
| Peace and quiet / peace of mind | 3% | 4% | N/A | 3% | 2% |
| Affordable living conditions / housing | 1% | 1% | N/A | 1% | 2% |
| Lower taxes | 1% | 1% | N/A | 1% | 2% |
| What is the major improvement, if any, that you have seen occur in Sandy City over the past five years? | | | | | |
| Road improvement / streets | 13% | 15% | N/A | 15% | 23% |
| Shopping / business growth | 17% | 12% | N/A | 17% | 17% |
| None / no change / no improvements | 4% | 7% | N/A | 6% | 5% |
| Parks / more parks / recreation | 5% | 7% | N/A | 5% | 5% |
| Miscellaneous | 5% | 2% | N/A | 4% | 5% |
| Cleaner city / beautification / landscaping | 4% | 2% | N/A | 3% | 4% |
| Development | 3% | 3% | N/A | 3% | 4% |
| Street lights | 11% | 8% | N/A | 4% | 3% |
| Lowe's / Wal-Mart / shopping complex | -- | -- | N/A | 2% | 2% |
| Law enforcement / police protection | 2% | 4% | N/A | 2% | 2% |

GUIDING FINANCIAL PRINCIPLES

While the city's long-term goals and objectives guide what the budget accomplishes, how that is accomplished is based on the following guiding principals:

- Sandy City exists only to serve the needs of its citizens. Since these needs are continuing and changing, the city should consistently receive citizen feedback based on both long-term and current needs.
- Sandy City should strive for economy, efficiency, and effectiveness in providing basic services. Thus, these services should not cost more than similar services provided by private industry.
- Sandy City should strive for generational fairness. Thus, each generation of taxpayers should pay its fair share of the long-range cost of these city services.
- Sandy City should finance services rendered to the general public (such as police, fire, streets, and parks) from revenues imposed on the general public, such as property and sales taxes. Special services rendered to specific groups of citizens should be financed by user fees, impact fees, license and permit fees, or special assessments.
- Sandy City should balance all budgets annually, in accordance with the requirements of Utah law, which states the following:
 - The total of the anticipated revenues shall equal the total of appropriated expenditures (Section 10-6-110, U.C.A.).
 - The governing body of any city may not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget period of the fund (Section 10-6-117, U.C.A.).
- Sandy City should allow for a reasonable surplus (fund balance) to accumulate for the following purposes:
 - To provide sufficient working capital.
 - To provide a cushion to absorb emergencies such as floods, earthquakes, etc.
 - To provide for unavoidable shortfalls in revenues.

The city has adopted specific policies based on these guiding principles by which it conducts its financial affairs. These policies are stated in the following sections that discuss the budget process, financial structure, revenue, debt, and capital projects.

BUDGET PROCESS

BUDGET ROLES AND RESPONSIBILITIES

Sandy City Citizens – The citizens’ role is to provide feedback to the elected officials about the level of service they desire and about how satisfied they are with the services provided. They do this by participating in public hearings, contacting City Hall, or by responding to the annual citizens’ survey.

The City Council – The Council’s role is to provide policy direction to the Mayor, City Administrator, Department Heads, and Budget Staff. Council members should also facilitate citizen input by holding public hearings on the tentatively adopted budget. They receive a tentative budget from the Mayor on or before the first regularly scheduled meeting in May. They discuss the budget with each department and determine any changes that they wish to make. They legally adopt the final budget on or before June 22. However, if there is a change to the certified tax rate, the final budget can be adopted as late as August 17.

The Mayor – The Mayor’s role is to prepare and present a tentative budget to the City Council for review, consideration, and adoption.

BUDGET CALENDAR 2008 - 2009

| ID | Responsible Party | Finish | Jan 2008 | | | | Feb 2008 | | | | Mar 2008 | | | | Apr 2008 | | | | May 2008 | | | | Jun 2008 | | | | Jul 2008 | | | |
|----|--|-----------|---|------|------|------|----------|------|------|------|----------|-----|------|------|----------|-----|------|------|----------|-----|------|------|----------|-----|-----|------|----------|------|-----|------|
| | | | 1/6 | 1/13 | 1/20 | 1/27 | 2/3 | 2/10 | 2/17 | 2/24 | 3/2 | 3/9 | 3/16 | 3/23 | 3/30 | 4/6 | 4/13 | 4/20 | 4/27 | 5/4 | 5/11 | 5/18 | 5/25 | 6/1 | 6/8 | 6/15 | 6/22 | 6/29 | 7/6 | 7/13 |
| 1 | Personnel | 1/28/2008 | <div></div> Position Control Report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Mayor / Budget Committee | 1/29/2008 | <div></div> Budget Preparation Guidelines | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Department Heads | 1/29/2008 | <div></div> Cabinet Budget Retreat | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Budget Committee | 1/29/2008 | <div></div> Budget Overview with City Council | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Finance Director | 2/8/2008 | <div></div> Report to County - Public Hearing Tax Increase Intent | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Department Heads | 2/12/2008 | <div></div> Submit Capital Project/One Time | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Department Heads | 2/12/2008 | <div></div> Estimate Restricted Revenues | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | City Treasurer | 2/12/2008 | <div></div> Develop Fee Schedule | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Department Heads | 2/19/2008 | <div></div> Finalize Internal Service | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Budget Committee | 2/25/2008 | <div></div> Review Capital Projects, One Time Proposals | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | Finance Director | 3/4/2008 | <div></div> Estimate General Revenues | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Personnel | 3/14/2008 | <div></div> Personnel Service Costs | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | Department Heads, Budget Committee, City Council | 3/14/2008 | <div></div> Develop Compensation Plan | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | Department Heads | 3/17/2008 | <div></div> Departments Submit Tentative Budget | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | Mayor, CAO, Budget Committee, Departments | 4/29/2008 | <div></div> Review, Balance, Finalize, Mayor's Tentative Budget | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16 | Mayor, City Council | 4/29/2008 | Present, Adopt Tentative Budget, Establish Hearings/Publication of Notice <div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | City Recorder | 5/1/2008 | Notice/Public Hearings for all Budgets incl Alta Canyon/RDA <div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | City Council | 5/20/2008 | Budget Public Hearings <div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | City Council | 5/27/2008 | <div></div> Adopt Approved Budget | | | | | | | | | | | | | | | | | | | | | | | | | | | |

The Chief Administrative Officer – The CAO’s role is to oversee the budget process as the city’s Chief Budget Officer, making sure the budget is balanced and that expenditures are within projected revenues. With the Mayor’s approval, the CAO prepares a tentative budget that is presented to the City Council on or before the first regularly scheduled meeting in May. The CAO also holds departments accountable for expenditures, making sure they are within departmental budget appropriations.

The Department Heads – The department heads’ role is to prepare a budget request based on available revenue and the policy direction they have been given. Department heads are also responsible for making sure their department’s expenditures are within budget appropriations.

The Budget Staff – The budget staff’s role is to prepare the tentative and final budget document under the direction of the Mayor and the Chief Administrative Officer. The staff members also review departmental budget requests and available resources and make recommendations for balancing the tentative budget.

BUDGET AMENDMENTS AND MANAGEMENT

Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the Budget Officer, but appropriations cannot be increased in a governmental fund without a public hearing. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with the approval of the Budget Officer.

The Finance Department prepares and distributes a monthly budget report by the 10th day of the following month. Recipients of the report include the Mayor, the City Council, the Chief Administrative Officer, and all managers with budget responsibilities. The report mirrors the financial schedules contained in this budget book and includes current month expenditures, year-to-date expenditures, encumbrances, the year-to-date budget, year-to-date variances, the annual budget, and the remaining budget.

As determined by Utah state law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund. The City Council also requires approval for any expenditure exceeding appropriations at the project level for all capital projects. All unexpended budget appropriations lapse at the end of the budget year. However, unexpended Capital Projects Fund appropriations may be reappropriated by a resolution of the City Council without holding public hearings.

FINANCIAL STRUCTURE

The various funds used for accounting and reporting purposes are the foundation of the city's financial structure. In a like manner, the various departments within the city are the backbone of city operations. The city's departments are groups of similar functions or programs that provide for efficient management. They also provide a framework for the budget that is conceptually easier to understand. Furthermore, the total appropriation for each department within a given fund is the legal spending limit specified by state law. The budget process starts with citywide issues but much of the work involves meeting with one department at a time both with the administration and with the council. As a result, most of this book consists of departmental sections with the detail of the budget. Each department brings a draft of its section to the first budget hearing. That draft is reviewed and refined through each step of the process until it appears in its final adopted form in this book.

The schedule on page 19 illustrates the relationship between the city's financial structure and the functional units. The financial structure is shown with the major funds in separate columns and the functional units shown as departments in separate rows. Each department listed corresponds to a separate section of this budget book that provides detailed schedules and analysis. Also shown in the schedule is a breakdown of the major revenue sources by fund. The revenue and taxation section starting on page 21 provides further information on these revenue sources.

A brief narrative description of the funds that make up the city's financial structure follows:

DESCRIPTION OF FUNDS

The Governmental Funds include those activities that comprise the city's basic services. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. The major governmental funds are listed separately below and the non-major funds are consolidated:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Storm Water Fund accounts for the city's revenues and capital expenditures associated with drainage for storm water run off.

The Debt Service Funds are used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the city is obligated in some manner for the payment. The city's debt service funds include the General Purposes Debt Service Fund, the Auto Mall Special Improvement District Fund, and the Special Improvement Guarantee Fund. Debt incurred by enterprise funds is not accounted for in the debt service funds but internally within the enterprise fund.

The Capital Projects Fund accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by proprietary funds. The principal source of funding is contributions from developers restricted for capital construction, operating transfers from the General Fund, grants, and bond proceeds. All funds received for a particular purpose are restricted and used specifically for that purpose.

Other Governmental Funds include the non-major funds which are the following: the Redevelopment Agency, the Landscape Maintenance Fund, the Community Development Block Grant (CDBG), the Recreation Fund, the Community Events Fund, the Sandy Arts Guild, the Electric Utility Fund, and the General Trust Fund. Though combined for purposes of this schedule, additional information is available for each fund elsewhere in this book (see the table of contents).

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis. The Internal Service Funds include the Fleet Fund, the Information Services Fund, the Risk Management Fund, the Equipment Management Fund, and the Payroll Management Fund.

The Enterprise Funds include those activities that operate similar to private businesses and charge a fee to the users that is adequate to cover most or all of the costs. These functions are presented as business-type activities in the government-wide financial statements. The city reports the following enterprise funds:

The Alta Canyon Sports Center Fund accounts for the activities created by the Alta Canyon Recreation Special Service District.

The Water Fund is used to account for the operations of the city's water utility.

The Waste Fund accounts for waste collection services provided by an independent contractor.

The Golf Fund is used to account for the city's golf course.

FUND BALANCE AND RESERVES

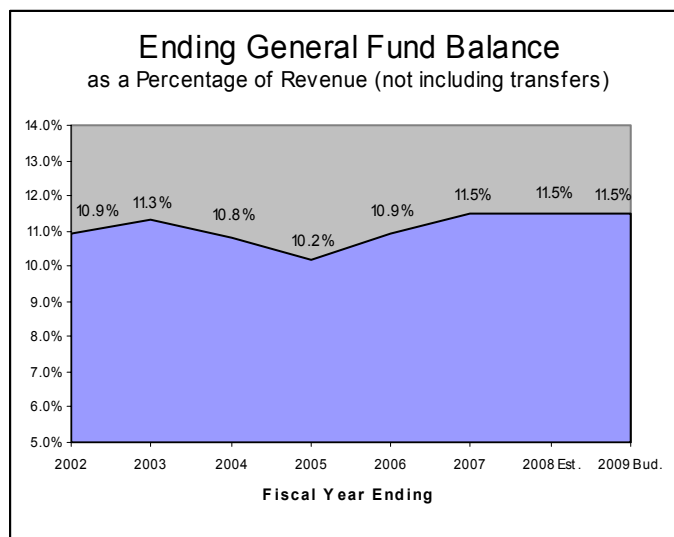
Utah state law allows cities to accumulate retained earnings or fund balances as appropriate in any fund (see U.C.A. 10-6-116). However, the law restricts balances in the general fund as follows: (1) Any fund balance less than 5% of estimated revenue may be used for working capital, certain emergency expenditures, or to cover an unexpected revenue shortfall that would result in a year-end excess of expenditures over revenues; (2) Fund balance greater than 5% but less than 18% may be used for budget purposes; and (3) Any fund balance in excess of 18% must be included in the appropriations of the next fiscal year.

Sandy City accumulates fund balances in its various funds for the following purposes:

- To avoid short-term debt that might be needed to provide working capital.
- To meet unexpected expenditures as the result of an emergency.
- To secure the city's debt and its bond rating.
- To accumulate funding for planned capital expenditures including the replacement of capital assets.
- To meet reserve requirements for liabilities already incurred but not yet paid as is the case with the Risk Management Fund.

All excess funds are invested consistent with the State Money Management Act. The resultant interest income is used as an additional revenue source in each fund. The schedule on page 19

summarizes the beginning and ending fund balances in the various funds of the city. The chart above shows the history of fund balance in the general fund. While fund balance in the general fund increased, the schedule on page 19 shows a decrease in fund balance of some other funds. The primary reason for this is the way we account for capital projects. For example, the \$1,055,983 shown as beginning fund balance in the capital projects fund is surplus money transferred from the general fund at the end of each fiscal year and excess interest income in the capital projects fund. This money is intended to be the core funding for the capital projects program, which means that the goal is for the ending fund balance to always be near zero. Likewise, the beginning fund balance in the "Other Governmental Funds" column



SANDY CITY APPROVED BUDGETS FOR MAJOR FUNDS - FY 2009

| | Governmental Funds | | | | | Governmental Activities - Internal Service Funds | Enterprise Funds | | | | Total* |
|---|---------------------|-------------------|---------------------|---------------------|--------------------------------|---|------------------------------|---------------------|---------------------|-------------------|----------------------|
| | General Fund | Storm Water | Debt Service | Capital Projects | Other Governmental Funds | | Alta Canyon Sports Ctr | Water | Waste Collection | Golf | |
| Financing Sources: | | | | | | | | | | | |
| Taxes & Special Assessments | | | | | | | | | | | |
| Property Tax | \$ 7,249,669 | \$ - | \$ 289,431 | \$ - | \$ - | \$ 388,101 | \$ 362,405 | \$ - | \$ - | \$ - | \$ 8,289,606 |
| Property Tax - Increment | - | - | - | - | 5,097,637 | - | - | - | - | - | 5,097,637 |
| Sales Tax | 20,520,000 | - | - | - | - | - | - | - | - | - | 20,520,000 |
| Franchise Tax | 7,416,700 | - | - | - | - | - | - | - | - | - | 7,416,700 |
| Motor Vehicle Fee | 725,000 | - | - | - | - | - | 38,400 | - | - | - | 763,400 |
| Other Taxes & Assessments | - | - | 754,836 | - | 2,300,000 | - | - | - | - | - | 3,054,836 |
| Licenses & Permits | 2,030,200 | - | - | - | - | - | - | - | - | - | 2,030,200 |
| Intergovernmental Revenue | | | | | | | | | | | |
| State Road Funds | 3,134,000 | - | - | - | - | - | - | - | - | - | 3,134,000 |
| Other Intergovernmental | 406,320 | - | - | - | 426,359 | - | - | 2,793,500 | - | - | 3,626,179 |
| Charges for Services | 4,845,233 | - | - | - | - | - | - | - | - | - | 4,845,233 |
| Fines & Forfeitures | 2,978,000 | - | - | - | - | - | - | - | - | - | 2,978,000 |
| Charges for Sales & Services | - | 3,046,257 | - | - | 698,427 | 6,675,287 | 714,669 | 20,919,970 | 4,160,295 | 1,349,850 | 37,564,755 |
| Miscellaneous Revenue | 283,219 | 135,100 | 450,942 | 2,165,350 | 1,095,197 | 333,914 | 38,340 | 696,388 | 18,200 | 5,816 | 5,222,466 |
| Fees from Developers | - | 201,500 | 100,000 | 501,000 | - | - | - | 401,400 | - | - | 1,203,900 |
| Transfers in From Other Funds | 40,000 | 40,000 | 7,109,526 | 4,196,782 | 1,739,957 | - | - | - | - | 150,000 | 13,276,265 |
| Total Financing Sources | 49,628,341 | 3,422,857 | 8,704,735 | 6,863,132 | 11,357,577 | 7,397,302 | 1,153,814 | 24,811,258 | 4,178,495 | 1,505,666 | 119,023,177 |
| Financing Uses: | | | | | | | | | | | |
| Administration | 4,543,059 | - | - | 200,000 | 1,231,843 | 1,284,497 | - | - | - | - | 7,259,399 |
| City Council | 585,093 | - | - | - | - | - | - | - | - | - | 585,093 |
| Attorney | 1,225,226 | - | - | - | - | - | - | - | - | - | 1,225,226 |
| Finance & Information Svcs | 1,689,717 | - | - | - | - | 1,223,915 | - | - | - | - | 2,913,632 |
| Police | 13,405,465 | - | - | - | - | - | - | - | - | - | 13,405,465 |
| Fire | 8,351,110 | - | - | 94,300 | - | - | - | - | - | - | 8,445,410 |
| Public Works | 5,755,032 | - | - | 2,490,019 | - | 4,324,136 | - | - | 4,207,180 | - | 16,776,367 |
| Parks & Recreation | 3,923,632 | - | - | 4,297,874 | 1,010,139 | - | 1,348,261 | - | - | 1,505,666 | 12,085,572 |
| Community Development | 2,396,327 | - | - | - | 140,184 | - | - | - | - | - | 2,536,511 |
| Public Utilities | - | 2,493,698 | - | - | 761,865 | - | - | 24,108,058 | - | - | 27,363,621 |
| Economic Development | - | - | - | - | 5,524,133 | - | - | - | - | - | 5,524,133 |
| Non-Departmental | 1,442,092 | - | 7,544,086 | 544,208 | 612,500 | 711,173 | - | - | - | - | 10,854,059 |
| Transfers out to Other Funds | 6,182,540 | 929,159 | 1,265,274 | - | 4,849,292 | 50,000 | - | - | - | - | 13,276,265 |
| Total Financing Uses | 49,499,293 | 3,422,857 | 8,809,360 | 7,626,401 | 14,129,956 | 7,593,721 | 1,348,261 | 24,108,058 | 4,207,180 | 1,505,666 | 122,250,753 |
| Excess (Deficiency) of Financing Sources over Financing Uses | 129,048 | - | (104,625) | (763,269) | (2,772,379) | (196,419) | (194,447) | 703,200 | (28,685) | - | (3,227,576) |
| Fund Balance - Beginning | 6,000,355 | 382,854 | 2,298,557 | 1,055,983 | 5,155,589 | 8,855,099 | 262,679 | 4,236,194 | 710,521 | 132,368 | 29,090,199 |
| Fund Balance - Ending | \$ 6,129,403 | \$ 382,854 | \$ 2,193,932 | \$ 292,714 | \$ 2,383,210 | \$ 8,658,680 | \$ 68,232 | \$ 4,939,394 | \$ 681,836 | \$ 132,368 | \$ 25,862,623 |

* This total is an aggregate of the fund structure of the city. Thus, the total listed here will be greater than the total on page 7 for reasons noted in Notes to Consolidated Budget Schedule on that same page.

primarily consists of the estimated surplus in the redevelopment funds at the end of FY 2008. The surplus money is reappropriated in the FY 2009 budget to bring the fund balance in these funds to zero except for the 9400 South CDA. This has an estimated fund balance of \$1,485,475 that will be used for debt service on the soccer stadium bonds.

The \$897,735 remaining is in the community events, Sandy Arts Guild, recreation, and general trust funds. The intentional fund balance decrease in the debt service fund is due to excess revenues in FY 2007 and FY 2008. The risk management, waste collection, and fleet funds and Alta Canyon Sports Center have a one-time uses of excess fund balance.

BASIS OF BUDGETING

Basis of budgeting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of budgeting relates to the timing of the measurements made, regardless of the measurement focus applied.

The budgeting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are budgeted for on a spending or “current financial flow” measurement focus. This means that only current assets and current liabilities are generally recognized. “Current” for the Balance Sheet (assets/liabilities) measurement means that which will be received or paid within the next year. Non-Governmental Funds (Enterprise and Internal Service Funds) are budgeted for on a cost of services or “economic resources” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Regardless of the measurement focus, depreciation is not budgeted.

All Governmental Fund budgets are based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and qualify as current assets. Taxes and special assessments are accrued as receivables if they are received within 60 days after the fiscal year end. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when current fund liabilities are incurred (i.e. capital acquisitions, bond issuance costs, etc. are expensed and they are not capitalized and depreciated or amortized over the life of the assets). Exceptions to this general rule include: (1) the long-term portion of accumulated unpaid vacation; and (2) principal and interest on general long-term debt which are recognized when due.

All Enterprise and Internal Service Fund budgets are based on the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred. The city applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

REVENUE & TAXATION

Sandy City is funded through two categories of revenue: taxes and fees. Tax revenue is primarily used to pay for services provided to the public in general such as police, fire, streets, and parks. The city also provides services that benefit specific groups of citizens for which a specific fee is charged which is intended to pay for all or part of the costs incurred to provide that service. The city follows the revenue policies below:

REVENUE POLICIES

- Sandy City should estimate revenues conservatively to avoid unexpected deficits and to provide a funding source for capital project needs.
- Sandy City should minimize the use of one-time revenue to fund ongoing services.
- Sandy City should aggressively collect all revenues or taxes due.
- Sandy City should annually review user fees, impact fees, license and permit fees, and special assessments:
 - To determine that the full long-term service costs are not being subsidized by general revenues or passed on to future generations of taxpayers.
 - To determine the subsidy level of some fees.
 - To consider new fees.
- Sandy City should waive or defer fees only in accordance with the administrative appeal procedure under standards set by the City Council. All fees waived or deferred must be documented and submitted to the City Treasurer. Any fee determined to be uncollectible must be approved to be written off by the Finance Director.
- Sandy City should seek to maintain a stable tax rate. Generally, taxes should not be increased unless:
 - Inflation has clearly forced operating costs upward faster than tax growth.
 - New services are instituted to meet citizens' needs.

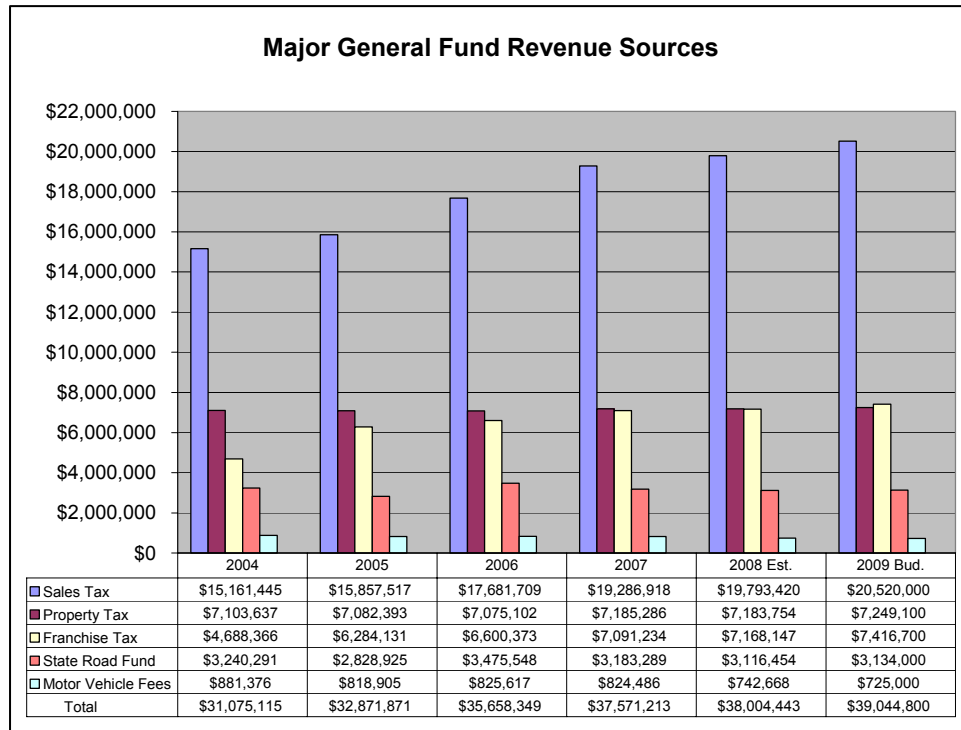
REVENUE ANALYSIS

User Fees – User fee revenue will be discussed in the section corresponding to the department that provides the service funded by the fee. User fees are based on an analysis of how much of the cost should be covered by the fee versus how much should be subsidized by general taxes and revenue. Factors considered in the analysis include:

- How the fees compare with those charged by other cities,
- Whether the service benefits the general public versus an individual user, and
- Whether the same service can be offered privately at a lower cost.

General Taxes & Revenue – The remainder of this section will provide information on the major tax revenue sources used to fund the city's general government services. Each source will have information on:

- How the tax is calculated,
- Significant trends,
- Underlying assumptions for the revenue estimates, and
- A look at how Sandy's taxes compare with similar jurisdictions.



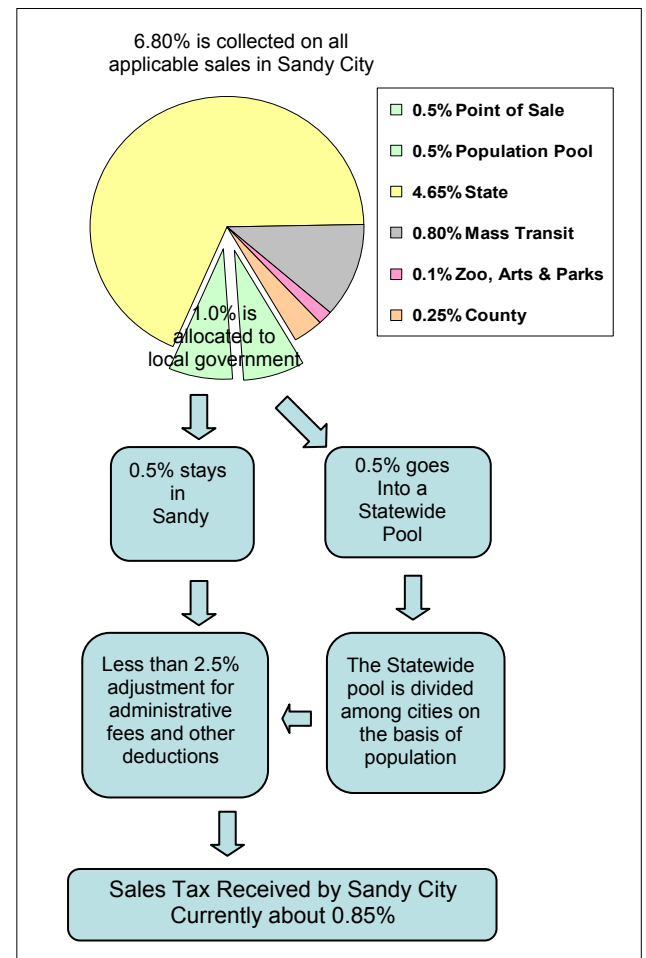
The above chart shows the six-year trend for those revenue sources classified as general taxes and revenue as well as the receipts for state road funds. In total, these five sources comprise nearly 80% of the general fund revenue. It is important to maintain balance among major revenue sources. Sales tax revenue fluctuates more with the economy than the other revenue sources. Because Sandy has been in a growth mode for the past 30 years, much of the fluctuation caused by the economy has been mitigated. As the city approaches maturity, balance among revenue sources will become even more important. The chart above shows that while sales tax and franchise tax have increased in recent years, property tax, state road funds, and motor vehicle fees have remained relatively stable or have declined. The reasons for these shifts are outlined in the sections that follow.

SALES TAX

Sales tax is Sandy City's largest revenue source contributing more than 41% of general fund revenue. State law authorizes cities to receive sales tax revenue based on the process described in the chart shown here. Sales tax revenue is forecasted by the finance department using a qualitative method which makes assumptions about each of the relevant factors in this distribution model. Trends in each of the relevant factors were analyzed as follows:

State Law – No changes in the rates specified in state law are anticipated.

Population Data – Changes in population data can have a significant impact on sales tax revenue. Since the 2000 census, population growth in Sandy has been slower than the state as a whole. As a result, each time the State Tax



Commission uses new population estimates to distribute sales tax revenue, Sandy gets a smaller slice of the pie. The estimates for FY 2009 assume that the State will use new population estimates beginning with the July distribution that continue to assume slower population growth in Sandy.

Statewide Sales – With half of the sales tax revenue coming from the statewide pool, the amount of statewide sales is a major factor in the estimate. Statewide sales showed little growth or a decline in FY 2002 and FY 2003 but began to turn around midway through FY 2004. The Sandy City budgeted forecast assumes relatively slower growth in the first six months and increasing growth in the last six months of FY 2009. Thus, the growth estimate for July 2008 is 2.2% and is 4.4% in June 2009.

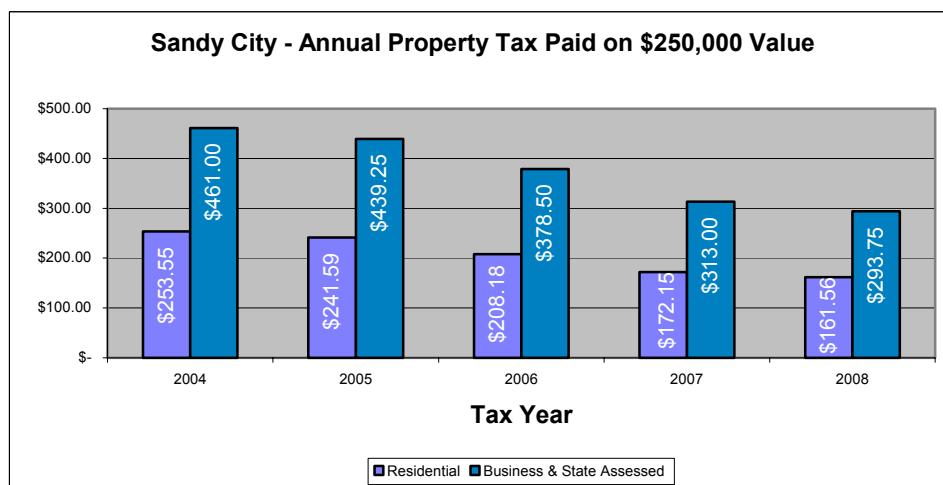
Sandy City Sales – With the other half of sales tax revenue deriving directly from sales made in Sandy, it is important to project separately the growth in retail sales made in Sandy. Sandy sales have generally grown at a faster rate than statewide sales, but as was the case with population growth, that trend was reversed in FY 2004. Since then, Sandy sales have grown at a slower pace than statewide sales. The FY 2009 forecast for Sandy sales growth closely matches the expected statewide trend. Thus, the growth estimate for July 2008 is 1.5% and is 4.0% in June 2009.

PROPERTY TAX

Property tax is Sandy City's third largest source of tax revenue accounting for nearly 15% of general fund revenue.

The following chart shows historical tax rates for the city and how they relate to an average \$250,000 property. Residential properties are taxed at 55% of the value, while business and state assessed properties are taxed at 100% of the value.

| | Tax Year 2004 | Tax Year 2005 | Tax Year 2006 | Tax Year 2007 | Tax Year 2008 |
|--|------------------|------------------|------------------|------------------|------------------|
| Tax Rate: | | | | | |
| General Fund | 0.001683 | 0.001603 | 0.001381 | 0.001142 | 0.001072 |
| Debt Service Fund | 0.000069 | 0.000066 | 0.000057 | 0.000047 | 0.000044 |
| Risk Management Fund | 0.000092 | 0.000088 | 0.000076 | 0.000063 | 0.000059 |
| Total Tax Rate | 0.001844 | 0.001757 | 0.001514 | 0.001252 | 0.001175 |
| Property Tax on \$250,000 Home | \$ 253.55 | \$ 241.59 | \$ 208.18 | \$ 172.15 | \$ 161.56 |
| Business or State Assessed Property | \$ 461.00 | \$ 439.25 | \$ 378.50 | \$ 313.00 | \$ 293.75 |

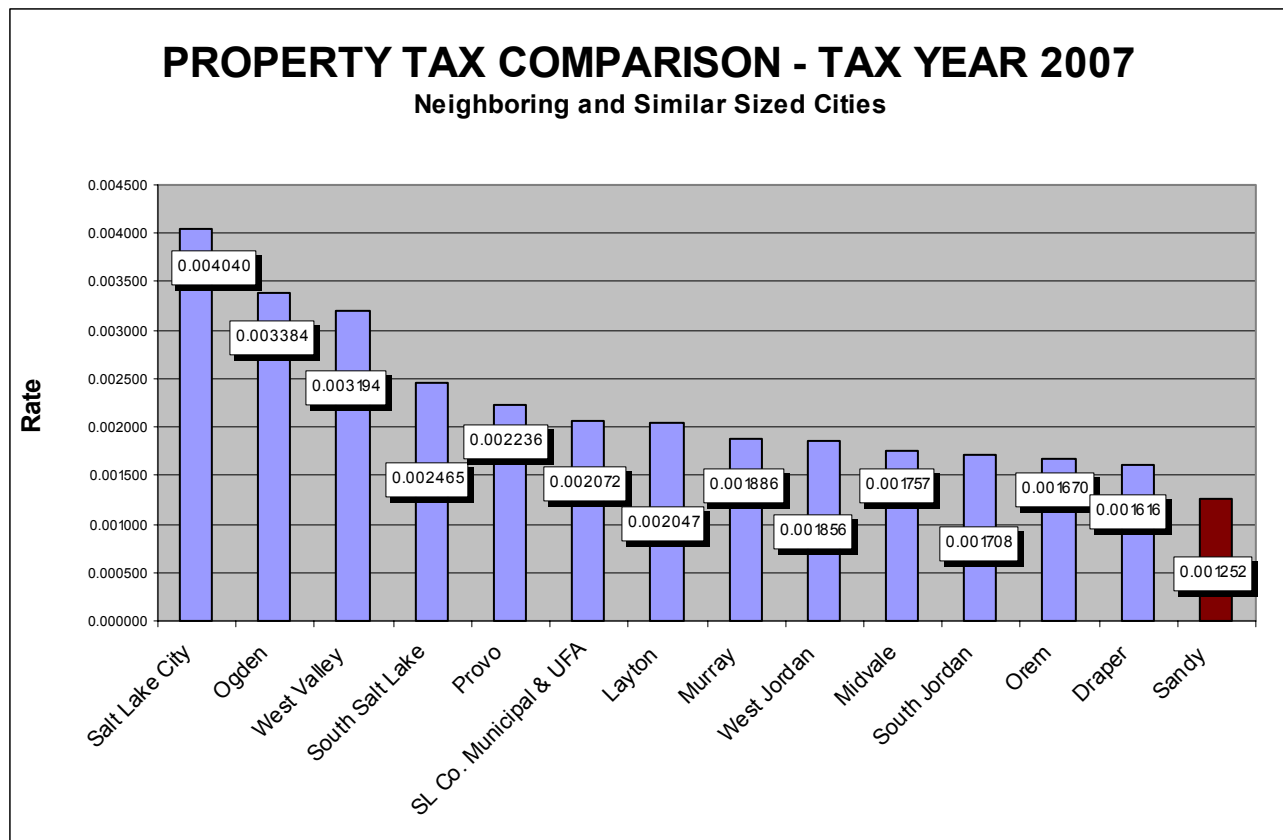


It should be noted that the Alta Canyon Recreation Center, which is managed and operated by Sandy City, also levies a property tax. By virtue of Alta Canyon's status as a special district, this tax is separate from the Sandy City property tax.

Truth in Taxation – In order to understand property tax in Utah it is necessary to understand a section of Utah Law known as “Truth in Taxation.” The county is responsible for administering property taxes and each June it submits to the cities a certified tax rate that would generate the same amount of revenue as the previous year plus any new growth. The certified tax rate does not provide for additional tax revenue due to increased valuation of existing property. If the city chooses to adopt a tax rate higher than the certified rate, state law has very specific requirements for newspaper advertisements and public hearings from which the name “Truth in Taxation” is derived.

Revenue Projections – The relevant factors in the preliminary property tax forecast include the tax rate and new growth. According to state statute, the adopted tax rate and budgeted revenue is provided by the Salt Lake County Auditor's Office in June.

Property Tax Rate – Sandy City's property tax rate is modest when compared to its neighboring cities and similar sized cities in Utah as illustrated in the chart below. The FY 2009 budget does not include an increase in the tax rate.



New Growth – New growth is initially estimated using a trend analysis and using a report of new construction generated by the city's Building Division. Since the growth number used in the final budget must be the county's number, adjustments are made as needed.

FRANCHISE TAX

Franchise Taxes are the second largest source of General Fund Revenue generating 15% of general fund revenue. State law authorizes cities to collect up to 6% on utilities operating within city boundaries. The relevant factors in forecasting franchise fee revenue are as follows:

Tax Rate – Sandy City charges a 6% franchise tax to the electric and natural gas utilities and 5% for cable television. The franchise fee for telecommunication services is also set by state law at 3.5%.

Utility Rate – Changes in utility rates affect the revenue collected by the utility and therefore the amount of tax remitted to the city. Utility rates are regulated by the Public Service Commission. It has not been uncommon to experience rate decreases as well as increases. Any announced rate changes are factored into the revenue projections; however, the projections for FY 2009 include normal growth.

Usage – Utility revenue is sensitive to changes in usage. The electric and natural gas utilities can be affected in particular by the weather. The projections take weather variations into account and assume a normal weather pattern. The size of households also has some affect on utility usage. The average household size in Sandy has decreased in recent years, which has resulted in reduced usage.

MOTOR VEHICLE FEES

Motor vehicle fees account for 1.5% of general fund revenue. The fee is a personal property tax for passenger cars and light trucks. It is a uniform fee based on the age of the vehicle. The fee is applicable to passenger cars, light trucks (including sport utility vehicles), and vans. These fees are due at the time of registration, even on new vehicles and vehicles that are registered more than once during a given year. The fees are as outlined in the table.

The fees collected are transmitted to the county where they are distributed to the taxing jurisdictions in proportion with the property tax revenue. As a result, the distribution is affected by changes in tax rates and growth in other jurisdictions. Other county jurisdictions have increased property taxes while Sandy has not. The result is that Sandy has received a smaller portion of the available motor vehicle fees. A qualitative method is used to project revenue based on past trends.

| Age of Vehicle | Equivalent Tax |
|--|----------------|
| Less than 3 years | \$150 |
| 3 or more years but less than 6 years | \$110 |
| 6 or more years but less than 9 years | \$80 |
| 9 or more years but less than 12 years | \$50 |
| 12 or more years | \$10 |

Source: Utah Department of Motor Vehicles Website

STATE ROAD FUNDS

State Road Funds generate just over 6% of general fund revenue. This revenue source is the city's share of the B & C Road Fund administered by the Utah Department of Transportation with the primary source being the \$0.245 per gallon tax levied on motor fuel. Sandy City receives its allocation through a formula weighted 50% on the city's proportion of the state's population and 50% on the city's proportion of the state's road miles. Because both Sandy's population and road miles are not growing at the same rate as those of the state, the city's projected state road funds revenue should decrease over time.

The chart below illustrates that the money received from the state road fund is sufficient to cover about 38% of the road-related costs. In fact, the streets budget alone is more than the revenue received from state road funds.

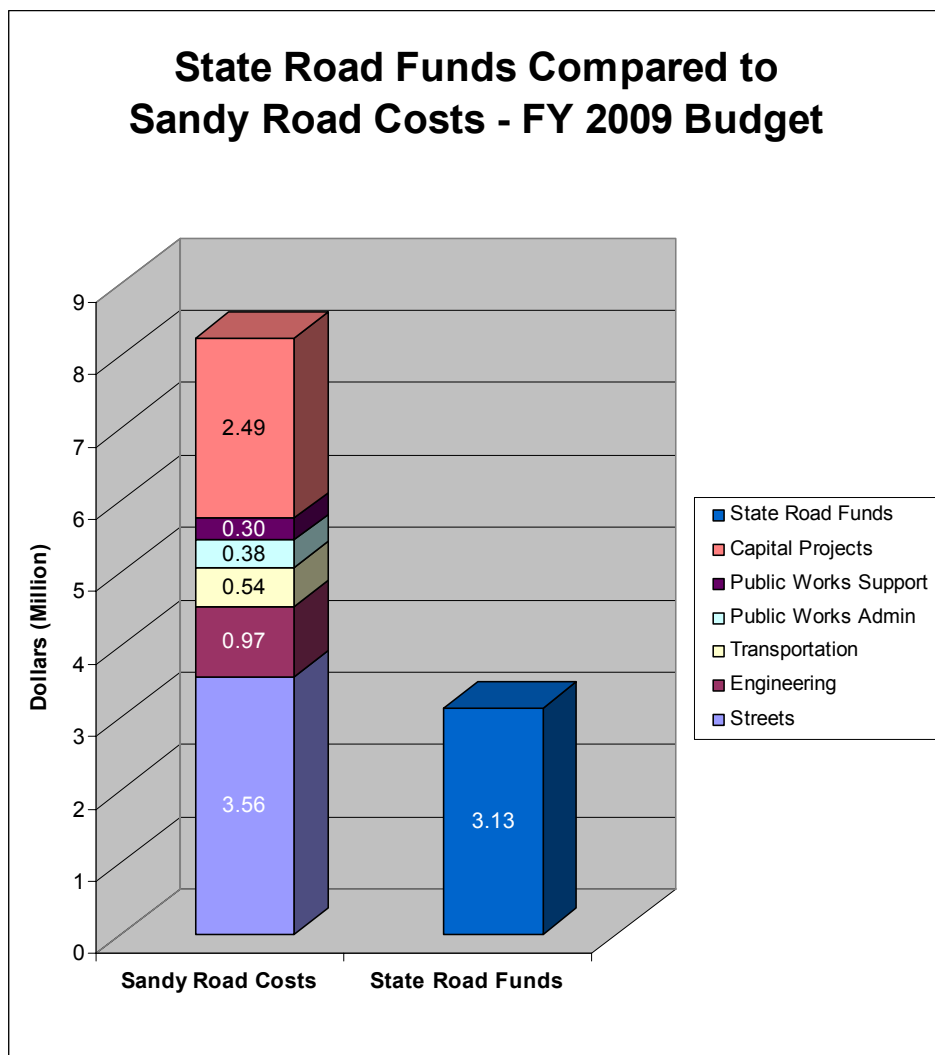
Though generated primarily through taxes, state road funds are limited in use and therefore not classified, for purposes of this budget book, among general taxes and revenue. However, it is a significant enough revenue source to merit further explanation here.

A qualitative method is used to forecast State Road Funds based on trends for each of the following factors used in the formula: population, road miles, and available road funds.

Population – As discussed earlier in the sales tax section, the FY 2009 estimate assumes a small decrease in Sandy’s population as a percent of the statewide population. Sandy’s population has been growing slower than the state as a whole since the 2000 census even though it had grown more rapidly than the state for many years previously. This trend is the result of a demographic shift to smaller household sizes and to the greatly diminished amount of land that can still be developed.

Road Miles – Also attributable to the slowing in development relative to the rest of the state, the city’s proportion of road miles is in slow decline. The forecast reflects this trend.

Available B&C Road Funds – Gas tax revenue is based on consumption rather than the price of fuel. In reality, an increase in fuel prices can result in lower consumption. The assumption for decrease in available B & C Road funds, based on the aforementioned factors, is 3.3%.



DEBT

Sandy City uses debt judiciously consistent with the policies listed below. The city currently enjoys an AA+ bond rating from Standard and Poor's for sales tax revenue bonds. This rating allows the city to issue bonds at a lower rate than governmental agencies with a less favorable bond rating. Only 3% of cities nationwide receive the AA+ rating. The FY 2009 budget includes \$7.2 million of debt service payments. As of June 30, 2009, the outstanding debt will be about \$67 million. The schedule below includes the general debt of the city as pertaining to the governmental funds. Debt incurred by the proprietary funds is included in the departmental sections. Currently the Water and Golf funds have outstanding debt issues.

DEBT POLICIES

- Sandy City should combine pay-as-you-go strategies with long-term financing to keep the debt burden low.
- Sandy City should seek to maintain or improve the city bond rating, currently "AA+."
- Sandy City should seek the most practical and cost efficient financing available.

OUTSTANDING GENERAL DEBT ISSUES

| | Funding Source | Matures In: | Debt Service - FY 2009 | | | Outstanding (6/30/2009) |
|------------------------------------|--|-------------|------------------------|--------------|--------------|-------------------------|
| | | | Principal | Interest | Total | |
| 31010 2000 Road Bonds | RDA - Civic Ctr. No. RDA - Civic Ctr. So. | FY 2010 | 1,015,000 | 108,194 | 1,123,194 | 1,070,000 |
| 3102 City Hall GO Bonds | Property Tax General Fund | FY 2012 | 655,000 | 80,563 | 735,563 | 1,770,000 |
| 3104 Sr. Citizens Section 108 Loan | CDBG Fund | FY 2016 | 140,000 | 95,925 | 235,925 | 1,325,000 |
| 31011 Storm Water | Storm Water Fund | FY 2017 | 630,000 | 297,159 | 927,159 | 6,225,000 |
| 31016 2007 Road Bonds | RDA - Civic Ctr. No. RDA - Civic Ctr. So. EDA - S. Towne Ridge | FY 2017 | - | 282,150 | 282,150 | 6,360,000 |
| 3106 Innkeeper Bonds | Innkeeper Fees General Fund | FY 2020 | 338,295 | 255,291 | 593,586 | 5,812,391 |
| 3109 Park Projects Bonds | RDA - S. Towne | FY 2020 | 461,705 | 348,421 | 810,126 | 6,797,609 |
| 31013 Court Building Bonds | General Fund | FY 2024 | 160,000 | 142,205 | 302,205 | 3,315,000 |
| 31015 Soccer Stadium Bonds | CDA - 9400 So. | FY 2028 | 460,000 | 1,696,776 | 2,156,776 | 34,540,000 |
| Total | | | \$ 3,860,000 | \$ 3,306,684 | \$ 7,166,684 | \$ 67,215,000 |

A description of each of the city's debt issues follows:

Fund 3102 – City Hall Bonds – On December 15, 2005, the city issued \$3,650,000 in General Obligation Refunding Bonds. This issue is formally referred to as the 2005 General Obligation and Refunding Bonds. These funds were used for the purpose of refunding the 1995 General Obligation and Refunding Bonds which in turn refunded the 1991 Public Building and Refunding Bonds. The city has used general revenue and property tax as the primary funding source, which is more than sufficient for both the principal and interest.

Fund 3104 – Section 108 Loan – On June 6, 1996, the city issued a \$2,515,000 note, guaranteed by the Secretary of Housing and Urban Development (HUD). This note was acquired for payment of the Senior Citizen Center located within city boundaries at 9310 South 1300 East.

Fund 3106 – Innkeeper Bonds – On December 1, 1998, the MBA issued \$7,840,000 in Lease Revenue Bonds. This issue is formally referred to as the 1998C MBA Lease Revenue and Refunding Bonds. These funds were used to finance the construction of the amphitheater and Lone Peak Park as well as to refund the 1998B Lease Revenue Bonds. The city’s intent is to use the innkeeper tax as the primary funding source. This tax alone is inadequate, so the general fund will make up the difference. The MBA makes the debt service payments from the proceeds of a master lease with Sandy City. In fiscal year 2005, this issue was refunded with the Series 2004 Sales Tax Revenue and Refunding Bonds.

Fund 3109 – Parks Projects Bonds – On December 7, 1999, the MBA issued \$9,780,000 in Lease Revenue Bonds. This issue is formally referred to as the 1999 MBA Lease Revenue Bonds. These funds were used to purchase and improve 53 acres of land for use by the city as a park and also for improvements to Lone Peak Park. A grant was also received for approximately \$2,000,000 to aid in the purchase of the land. The MBA makes the debt service payments from the proceeds of a master lease with Sandy City. The lease payments are currently paid by the South Towne Redevelopment Agency through the “haircut” provision that allows RDA money to be used for these purposes. In 1999, the law was changed to allow RDA funds to be used for parks projects that are part of a master plan. In fiscal year 2005, this issue was refunded with the Series 2004 Sales Tax Revenue and Refunding Bonds.

Fund 31010 – 2000 Road Bonds – On March 7, 2000, the city issued \$7,075,000 in Motor Fuel Excise Tax Revenue Bonds. This issue is formally referred to as the 2000 Motor Fuel Excise Tax Revenue Bonds. These funds were used to construct and improve streets located within the city’s boundaries. The pledge for this issue is the Class C Road Funds which consist primarily of certain motor fuel excise taxes levied and collected by the State of Utah and apportioned to the city pursuant to applicable Utah law. However, RDA tax increment funding (Civic Center South) and haircut funding (Civic Center North) is currently being used to service the debt.

Fund 31011 – Storm Water Drainage Bonds – On February 15, 2002, the city issued \$10,180,000 in Sales Tax Revenue Bonds. This issue is formally referred to as the 2002 Sales Tax Revenue Bonds. These funds were issued to finance the costs associated with acquiring, constructing, and equipping certain storm drain improvements and bond issuance costs. The city’s intent is to repay the bonds with the storm water fees charged on the utility bill and use the sales and use tax as the pledge for this issue.

Fund 31013 – Justice Court Building Bonds – On August 15, 2003, the city issued \$7,225,000 in Sales Tax Revenue Bonds. This issue is formally referred to as the 2003 Sales Tax Revenue and Refunding Bonds. The funds were used to finance the acquisition of a justice court building and to refund the 1996 Motor Fuel Excise Tax Revenue Bonds. The pledge for this issue is the sales and use tax which is collected by the Utah State Tax Commission and distributed monthly to the city, as provided by law.

Fund 31015 – Soccer Stadium Bonds – On August 23, 2007, the Redevelopment Agency of Sandy City issued \$35,000,000 in Transient Room Tax Revenue Bonds. These issues are formally referred to as the Series 2007A Transient Room Tax Revenue Bonds, and the Series 2007B Subordinate Transient Room Tax and Annual Contribution Revenue Bonds. These funds were used to acquire 22 acres of land, finance infrastructure improvements, and pay for city permits, fees, reimbursements, and bond issuance costs associated with the Salt Lake ReAL soccer stadium. The majority, if not all, of the bond payments will be funded through a county-wide transient room tax (TRT) levied on hotels within Salt Lake County.

Fund 31016 – 2007 Road Bonds – On November 8, 2007, the city issued \$6,360,000 in Motor Fuel Excise Tax Revenue Bonds. This issue is formally referred to as the Series 2007 Motor Fuel Excise Tax Revenue Bonds. The funds were used to finance the acquisition, construction, and improvement of roads. The pledge for this issue is the Class C Road Funds which consist primarily of certain motor fuel and excise taxes levied and collected by the State of Utah and apportioned to the city pursuant to applicable Utah law.

COMPUTATION OF LEGAL DEBT MARGIN - JUNE 30, 2007

Assessed Valuation:

| | |
|----------------------------|-------------------------|
| Primary Residential | \$ 3,137,712,567 |
| All Other | <u>2,430,294,794</u> |
| Total Assessed Valuation | <u>\$ 5,568,007,361</u> |
| Reasonable Fair Cash Value | <u>\$ 7,349,103,358</u> |

| | GENERAL - 4% | WATER AND SEWER - 4% | TOTAL - 8% |
|---|-----------------------|-------------------------|-----------------------|
| Debt Limit - | | | |
| 8% of Reasonable Fair Cash Value (1) | \$ 293,964,135 | \$ 293,964,134 | \$ 587,928,269 |
| Less Outstanding General Obligation Bonds | 3,050,000 | - | 3,050,000 |
| Debt Margin | <u>\$ 290,914,135</u> | <u>\$ 293,964,134</u> | <u>\$ 584,878,269</u> |

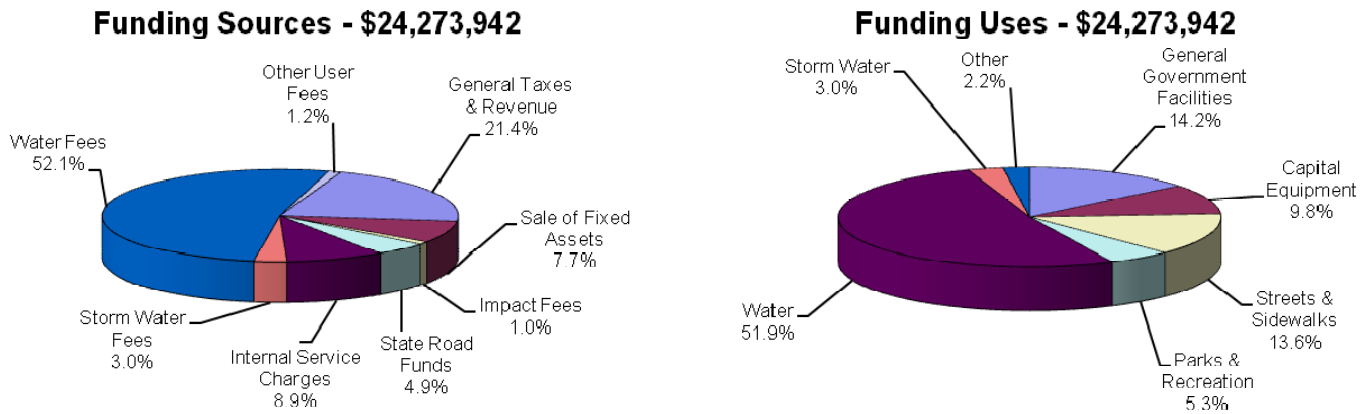
Notes:

- (1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office

CAPITAL BUDGET

The FY 2009 budget includes \$24.3 million for capital expenditures. A summary schedule of the capital budget can be found on pages 34-35. The charts below summarize the various funding sources and uses of the capital budget.



FUNDING SOURCES

Funding for capital projects comes from various sources as noted in the chart above. A description of each of the various funding sources and the city's philosophy of funding capital projects is discussed below:

- **General Taxes & Revenue** – Each year, the general fund budget includes a predetermined increase to fund balance which is the excess of financing sources over financing uses listed in the schedule on page 8. Any additional excess is transferred to the capital projects fund at the end of the year and becomes the primary source of general taxes and revenue funding for the upcoming year. Most of the excess results from conservative revenue estimates as proscribed by the first revenue policy on page 21. The conservative revenue estimates also provide for better stability for the operating budget. If significant revenue surpluses do not occur, there is less money available for capital projects. However, in any given year, more capital projects are funded than can be completed in the next fiscal year which minimizes the impact.
- **Sale of Fixed Assets** – Included in the general taxes and revenue column on pages 34-35 is \$1.8 million for sale of excess property. Normally any sale of fixed assets would be included in the general taxes and revenue funding source. However, since the amount is significant, the amount is shown separately in the graph above.
- **Impact Fees** – Utah law allows municipalities to charge impact fees as a condition of development. Proceeds from these fees can only be used for capital facilities resulting from the impact of new development. Sandy charges impact fees to pay for the capital expansion associated with parks, trails, police, fire, storm drains, and water.
- **Grants** – Some capital funding comes from grants made available from the federal, state, or county governments. Although grant funding may come at any time, the FY 2009 budget does not initially include any grant funding for capital projects but could be adjusted midyear when actual amounts are known.
- **State Road Funds** – The current practice is to use 38.75% of the money received from the gasoline tax for capital projects or for debt service associated with bonding for capital projects. State Road Funding is further explained on pages 25-26.

- **Internal Service Charges** – The city’s internal service funds charge other departments for services related to computers, fleet, and risk management. The current practice is to provide consistent ongoing funding for fleet replacements. The information services charge includes an amount sufficient to fund a capital plan that is further explained below.
- **User Fees** – User fees pay for services including water, storm drain, recreation, and golf. The fees are set at a level which provides ongoing funding for capital projects related to these services. For example, the City Council has specified that \$2 of the \$5 storm water fee go towards capital projects.

CAPITAL POLICIES

By policy, a capital expenditure is for an asset that is tangible in nature with a useful life of more than two years. Additionally, a capital expenditure must meet the following capitalization thresholds:

| Asset Category | Capitalization Threshold (in \$) | Useful Life (in years) |
|---|----------------------------------|------------------------|
| Land | 0 | N/A |
| Buildings | 15,500 | 40 |
| Improvements Other Than Buildings | 15,000 | 20 |
| Utility Plant in Service | 15,500 | 25-33 |
| Office Furniture and Equipment | 7,500 | 5-10 |
| Machinery and Equipment | 7,500 | 5-10 |
| Automobiles and Trucks | 7,500 | 5-15 |
| Infrastructure and Capital Improvements | 15,000 | 5-40 |

Expenditures that do not meet the above thresholds are budgeted in the operating budget as equipment, improvements, or supplies.

IMPACT ON THE OPERATING BUDGET

Capital projects are categorized as replacement or expansion projects. Replacement projects are routine in nature and involve the replacement or upkeep of existing assets. Ongoing commitment to replacement projects is important to the vitality and stability of the city. Expansion projects add to the asset base of the city and often result from policy decisions. Expansion projects also may have an impact on the operating budget either in terms of additional personnel, maintenance, utility, or other costs, or potentially in terms of additional revenue or operating savings. The departmental sections of this book divide capital projects into these two categories and provide information on the above issues in the narratives. Also included is more detailed information including a budget breakdown by project, budgeted expenditures for the prior year, and a three-year plan for future expenditures.

The following is a summary of the impact of the capital budget on the operating budget. Only included are those projects with a significant impact which would include any project that will result in the need for additional staff or will result in any ongoing increase or decrease in the operating budget greater than \$10,000 per year.

| Project | Budget Impacted | Expected Impact |
|--|------------------------|--|
| 1228 – Historic Sandy Community Center | 1-420 Parks & Cemetery | The capital budget for this project is currently just seed money that will not have an immediate impact on the operating budget. Construction is expected during FY 2011 – FY 2013. Eventual operating impacts will likely include increased revenues as well as expenditures to run the programs offered at the center. |

| Project | Budget Impacted | Expected Impact |
|--|------------------------|--|
| 12802 – Parks & Rec. Admin. / Community Center | 1-420 Parks & Cemetery | The capital budget for this project is currently just seed money that will not have an immediate impact on the operating budget. Construction is expected during FY 2009 – FY 2011. This new building will house both the Parks & Recreation department and a community center. Although some operating costs may increase, some savings will also be recognized. The amounts will be determined as the planning of this project continues. |
| 14035 – 9400 South 1300 East Park & Facilities | 1-420 Parks & Cemetery | Initial analysis indicates that each additional acre of park space results in \$711 of fertilizer cost, \$236 of sprinkler parts, \$2,830 of water cost, and \$3,903 in labor for a total of \$7,680. In addition, each restroom adds \$620 in supplies and \$492 in sewer cost. Each 10 additional parking spaces add \$60 in storm water fees. Thus, the 16-acre expansion of 9400 South 1300 East Park will result in approximately \$128,672 in increased operating costs after the project is completed in FY 2009. This amount was partly budgeted in FY 2008 and FY 2009. |
| 14050 – Quail Hollow Park | 1-420 Parks & Cemetery | The capital budget for Quail Hollow Park is currently just seed money that will not have an immediate impact on the operating budget. Construction is expected to begin in FY 2009 with completion in FY 2010. |
| 14066 – Urban Fishery | 1-420 Parks & Cemetery | Using the same cost estimates as the 9400 South 1300 East park (above), the 14-acre Sandy Urban Fishery with large native areas will result in approximately \$34,000 in increased operating costs beginning in FY 2009 after the project is completed. |

THE CAPITAL PLANNING PROCESS

The City Council provides oversight for the capital budget. Council members review and adopt the budget in this book. Additionally, they review and approve the carryover of any unexpended funds in the prior year's budget. They also approve by resolution any budget adjustment at the project level during the year for all capital projects in governmental funds. The City Council also reviews and approves all master plans. The following is a summary of the planning processes that influence the capital budget.

| Plan | Origin of the Plan | Elements of the Plan |
|----------------------------------|---|---|
| Mayor and Council Planning Goals | The Mayor and Council annually hold a planning session. See pages 10-13 for more information. | The annual goals set by the Mayor and Council set the priority for the city budget. Their planning session uses input from the citizen survey, staff recommendations, and the planning documents listed below. |
| Budget Three-Year Capital Plan | See the individual department sections of this budget document. | As part of the annual budget process, and with input from all of the other planning processes, a three-year funding plan is incorporated into the budget document. The plan is based on a three-year estimate of revenue. |
| Water Master Plan | Originally adopted in 2000 and updated in 2003. | Highlights of the plan components include: <ul style="list-style-type: none"> • increase the supply of available water by 5,060 acre feet, • increase peak daily production capacity to 89.6 mgd by 2030, • increase the storage capacity to 40.9 million gallons by 2010, • better flows for fire suppression in key areas, and • rate recommendations for funding. |

| Plan | Origin of the Plan | Elements of the Plan |
|-----------------------------------|--|---|
| Storm Water Master Plan | Last updated in 1998; FY 2008 budget funds an update. | <p>With the objective to prevent flooding for storms less severe than a 10 year, 3 hour event, the plan does the following:</p> <ul style="list-style-type: none"> identifies 112 projects totaling \$56.8 million, prioritizes projects on the basis of several factors: <ul style="list-style-type: none"> existing flooding problems, project phasing, concurrent construction, and alternate funding sources, implements a storm water fee to generate ongoing funding. |
| Transportation Master Plan | Last updated in September 1996; FY 2006 budget funds an update. | <p>Highlights of the plan include:</p> <ul style="list-style-type: none"> projected growth by analyzing existing traffic volumes, recommended short-, medium-, and long-term projects, recommended work needed on an annual basis. |
| Parks Master Plan | Last updated in August 2004; original plan completed in 1996. | <p>Citizen survey identified 3 priorities:</p> <ul style="list-style-type: none"> remodel, refurbish, and update current parks and facilities, expand the trail system, and acquire land for neighborhood and community parks. |
| Sandy Corners Master Plan | Community Development Department with Mayor & Council approval | <p>Sandy Corners is a commercial/retail area located at 9400 South and 700 East. The stated goal of this plan is to:</p> <ul style="list-style-type: none"> create a walkable environment and efficient traffic flow, establish transit connections, and promote economically viable businesses. <p>This plan will not have a budget impact until future years.</p> |
| South Towne Promenade Master Plan | Community Development Department with Mayor & Council approval | <p>The South Towne Promenade is a wide street park connecting the South Towne Mall and Sandy City Hall. The plan includes these items:</p> <ul style="list-style-type: none"> additional trees and landscape features, walkways and pedestrian lighting, and a wetland interpretive and education center. |
| Pavement Management Plan | The Public Works Department maintains and perpetually updates a pavement management database. | <p>The policy is to:</p> <ul style="list-style-type: none"> maintain at least 80% of roads in good or better condition, and have no more than 10% in substandard condition. |
| Information Services Capital Plan | This plan is generated by the IS division and reviewed by the IS Steering Committee; pp. 98-99 include the next three years of planned replacements. | <p>This plan calculates a charge to city departments sufficient to replace the main network, core software systems, and the telephone system. Assumptions used in the analysis include:</p> <ul style="list-style-type: none"> an inventory of all equipment, the estimated useful life and projected replacement date, and the replacement cost. |
| City Facilities Capital Plan | This plan is generated by the Building Maintenance Division; funding is included in project 1201 - Municipal Building (see page 51). | <p>This plan calculates:</p> <ul style="list-style-type: none"> an inventory of all major systems in city buildings, the estimated useful life or maintenance schedule, and the related costs. |

CAPITAL BUDGET - Summary by Department and Fund - FY 2009

| Department/Project | Funding Sources | | | | | | | Total |
|---|-------------------------------|----------------|------------------------|--------------------------------|------------------------|---------------|-----------------------|---------------------|
| | General Taxes & Revenue | Impact Fees | State Road Funds | Internal Service Charges | Storm Water Fees | Water Fees | Other User Fees | |
| General Government Facilities | | | | | | | | \$ 3,447,774 |
| 1201 - Municipal Building (see pg. 51) | \$ 200,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 200,000 |
| 12450 - Alta Canyon Sports Center Improvements (see pg. 175) | - | - | - | - | - | - | 182,500 | 182,500 |
| 12802 - Parks & Rec. Admin. / Community Center (see pg. 156) | 3,065,274 | - | - | - | - | - | - | 3,065,274 |
| Capital Equipment | | | | | | | | 2,371,848 |
| Information Services (see pgs. 98-99) | | | | | | | | |
| 64001 - General Equipment | - | - | - | 51,600 | - | - | - | 51,600 |
| 64019 - Tape Library | - | - | - | 10,000 | - | - | - | 10,000 |
| 64023 - Remote Servers | - | - | - | 7,500 | - | - | - | 7,500 |
| 64026 - Data Switches | - | - | - | 2,700 | - | - | - | 2,700 |
| 64913 - Internet Mapping Service | - | - | - | 10,000 | - | - | - | 10,000 |
| Fleet Purchases (see pg. 143) | - | - | - | 2,054,408 | - | - | - | 2,054,408 |
| Fleet - Capital Equipment (see pg. 143) | - | - | - | 17,000 | - | - | - | 17,000 |
| Fire - Capital Equipment (see pg. 118) | 113,640 | - | - | - | - | - | - | 113,640 |
| Community Development - Capital Equipment (see pg. 188) | 10,000 | - | - | - | - | - | - | 10,000 |
| Golf - Capital Equipment (see pg. 179) | - | - | - | - | - | - | 51,000 | 51,000 |
| Water - Capital Equipment (see pg. 212) | - | - | - | - | - | 44,000 | - | 44,000 |
| Streets & Sidewalks (see pgs. 132-137) | | | | | | | | 3,300,603 |
| 13003 - 9400 S - 300 to 500 W | - | - | 170,000 | - | - | - | - | 170,000 |
| 13155 - 1000 East Improvements with 8000 South Storm Drain | 150,000 | - | - | - | - | - | - | 150,000 |
| 13177 - Monroe Street Widening from 9150 S to 9400 S | - | - | 500,000 | - | - | - | - | 500,000 |
| 13821 - Street Reconstruction | 861,182 | - | 517,421 | - | - | - | - | 1,378,603 |
| 13822 - Hazardous Concrete Repair | 381,000 | - | - | - | - | - | - | 381,000 |
| 13826 - Bridge Reconstruction | 291,000 | - | - | - | - | - | - | 291,000 |
| 13829 - 9000 S 700 East Intersection (Federal Matching Funds) | 130,000 | - | - | - | - | - | - | 130,000 |
| 13841 - 8680 S from State St to 650 E | 200,000 | - | - | - | - | - | - | 200,000 |
| 19001 - Subdivision Bonds | 100,000 | - | - | - | - | - | - | 100,000 |
| Parks & Recreation (see pgs. 156-158) | | | | | | | | 1,294,100 |
| 13029 - Streetscapes / Wall Replacements | 10,000 | - | - | - | - | - | - | 10,000 |
| 14018 - Trail and Trail Head | - | 55,000 | - | - | - | - | - | 55,000 |
| 14050 - Quail Hollow Park | 100,000 | 184,100 | - | - | - | - | - | 284,100 |
| 14067 - Bonneville Shoreline Trail | 500,000 | - | - | - | - | - | - | 500,000 |
| 148036 - Flat Iron Park Restroom Replacement | 60,000 | - | - | - | - | - | - | 60,000 |
| 148037 - Jogging Path Replacement | 168,000 | - | - | - | - | - | - | 168,000 |
| 14860 - Amphitheater | 155,500 | - | - | - | - | - | - | 155,500 |
| Recreation Software (see pgs. 153, 164, and 170) | 15,000 | - | - | - | - | - | 46,500 | 61,500 |

CAPITAL BUDGET - Summary by Department and Fund - FY 2009

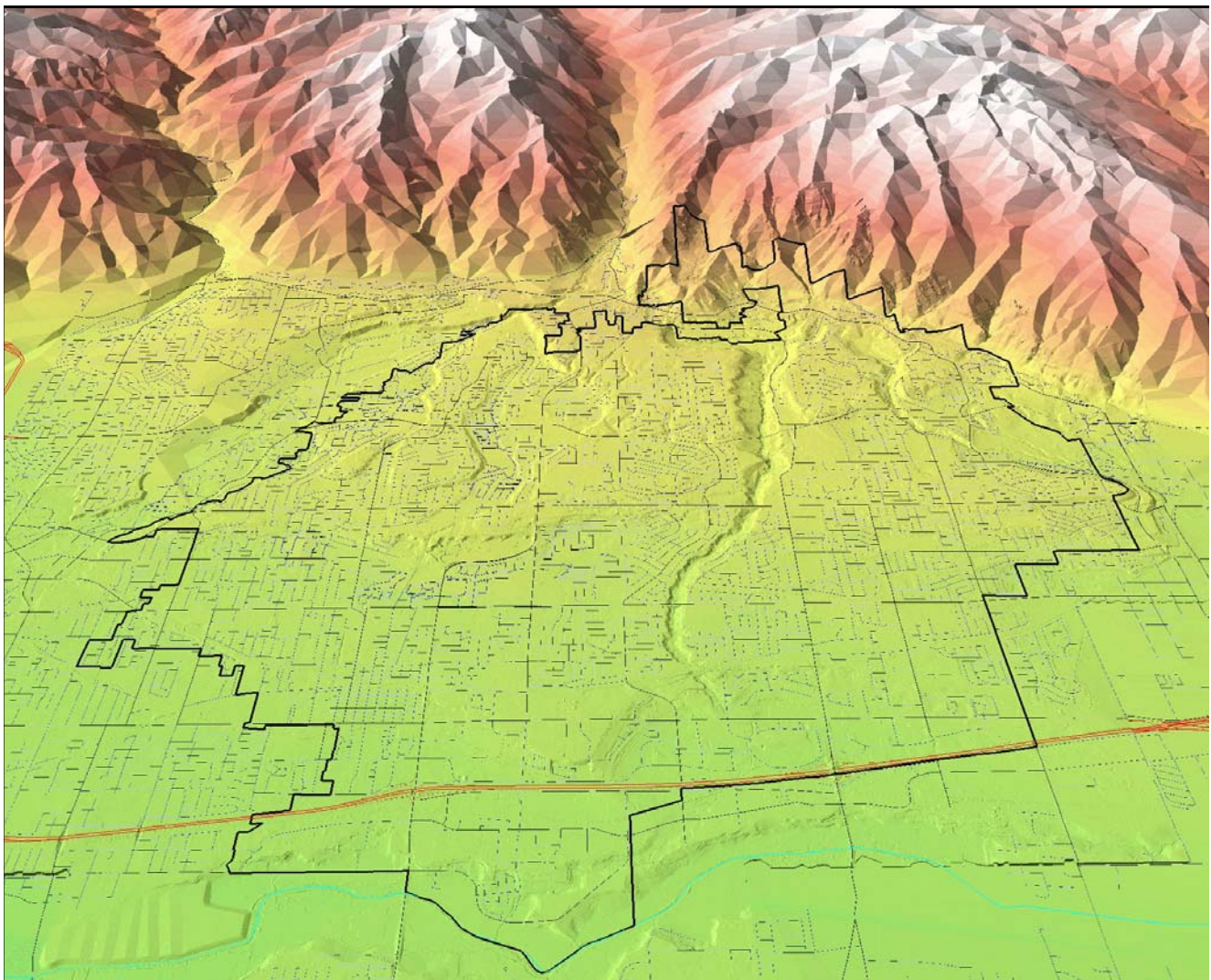
| Department/Project | Funding Sources | | | | | | | Total |
|---|-------------------------------|-------------------|------------------------|--------------------------------|------------------------|----------------------|-----------------------|----------------------|
| | General Taxes & Revenue | Impact Fees | State Road Funds | Internal Service Charges | Storm Water Fees | Water Fees | Other User Fees | |
| Water (see pgs. 213-215) | | | | | | | | 12,591,130 |
| 51001 - Water Meters (New Constructions) | - | - | - | - | - | 30,500 | - | 30,500 |
| 51019 - Water System Master Plan | - | - | - | - | - | 100,000 | - | 100,000 |
| 51055 - Granite Tank Replacement | - | - | - | - | - | 2,793,500 | - | 2,793,500 |
| 51063 - Metro Capital Assessment | - | - | - | - | - | 4,210,322 | - | 4,210,322 |
| 51064 - Flat Iron Well | - | - | - | - | - | 900,000 | - | 900,000 |
| 51073 - Abandon Hillshire Well | - | - | - | - | - | 5,000 | - | 5,000 |
| 51087 - Improvements to Little Cottonwood Well Building | - | - | - | - | - | 60,000 | - | 60,000 |
| 51801 - Hydrant Replacement | - | - | - | - | - | 30,000 | - | 30,000 |
| 51802 - Replace/Lower Service Line | - | - | - | - | - | 10,000 | - | 10,000 |
| 51810 - Replace Meters | - | - | - | - | - | 70,000 | - | 70,000 |
| 51811 - Replace Mainlines | - | - | - | - | - | 1,000,000 | - | 1,000,000 |
| 51821 - Replace Well Equipment | - | - | - | - | - | 150,000 | - | 150,000 |
| 51823 - Union Jordan Replacement Projects | - | - | - | - | - | 2,000,000 | - | 2,000,000 |
| 59001 - Public Utilities Operations Building | - | - | - | - | - | 267,351 | - | 267,351 |
| Water - Capitalized Labor and Material & Supplies | - | - | - | - | - | 964,457 | - | 964,457 |
| Storm Water (see pg. 220) | | | | | | | | 724,279 |
| 55802 - Neighborhood Projects | - | - | - | - | 409,714 | - | - | 409,714 |
| Storm Water - Capitalized Labor and Material & Supplies | - | - | - | - | 314,565 | - | - | 314,565 |
| Non-Departmental (see pg. 237) | | | | | | | | 544,208 |
| 1111 - Property Purchase | 68,600 | - | - | - | - | - | - | 68,600 |
| 1251 - Community Projects Contingency | 475,608 | - | - | - | - | - | - | 475,608 |
| Total Capital Projects | \$ 7,054,804 | \$ 239,100 | \$ 1,187,421 | \$ 2,153,208 | \$ 724,279 | \$ 12,635,130 | \$ 280,000 | \$ 24,273,942 |

COMMUNITY PROFILE

Sandy City is Utah's fifth largest city. The nearby Wasatch Mountains provide water, recreational opportunities, and a scenic backdrop. The I-15 corridor and TRAX light rail line on the west side of the city provide both access to downtown Salt Lake City and the opportunity to be a commercial center for the south end of the valley.

Sandy experienced tremendous growth both in land area and population during the past thirty years. Annexation of previously unincorporated land has resulted in growth from 6.6 square miles in 1970 to nearly 23 square miles today. Annexations combined with new construction resulted in population growth from 6,438 to 94,203 in that same time period. Many of the new homes built during the 70's and the 80's were bought by young families which resulted in one of the lowest median ages in the nation. In recent years, the population has aged as many of the children in the young families have grown and left home. The median age of Sandy City changed from 20.3 years in 1980 to 29.1 years in 2000. This demographic shift has had an affect on the city budget in such areas as declining participation in recreation programs and a reduced rate of growth in both sales tax revenue and state road funds which are based partially on population.

Commercial growth, however, continues along the I-15 corridor which in turn continues to fuel a strong economy and tax base and provides job opportunities for residents.

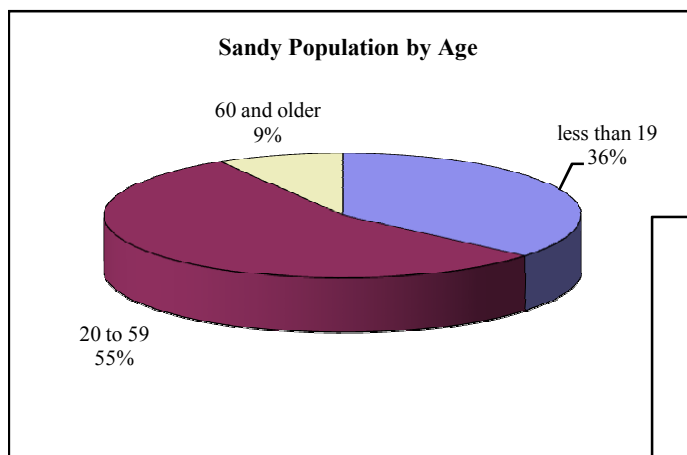


Sandy City border on a relief map produced by Sandy GIS staff (view is facing east; I-15 is shown in red)

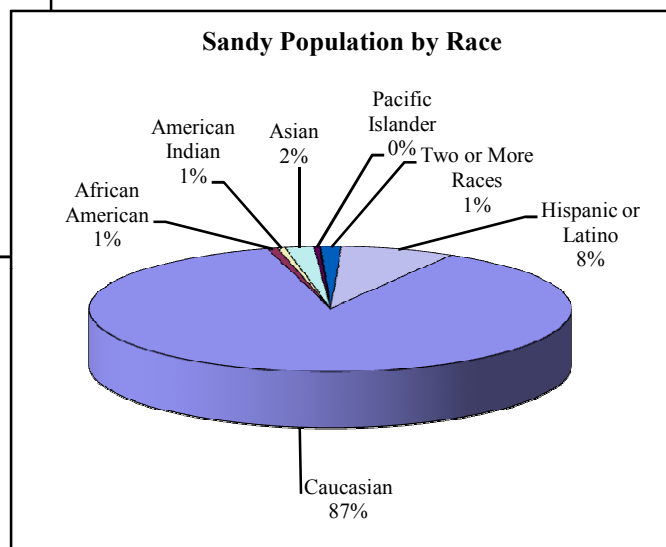
COMMUNITY PROFILE (cont.)

| | |
|---------------------------------|-----------------|
| Date of Incorporation | 1893 |
| Form of Government | Council - Mayor |
| Median Family Income | \$ 76,116 |
| Unemployment Rate (2003) | 4.30% |

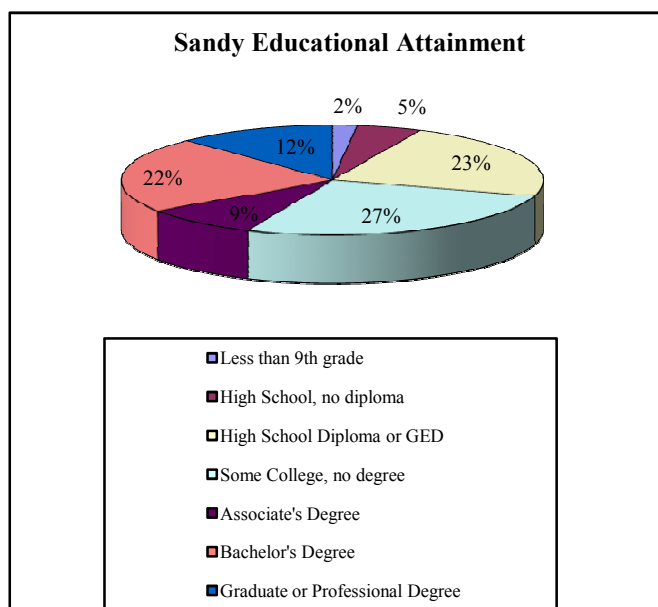
| Year | Population | Median Age | Area in Sq. Miles |
|-------------|-------------------|-------------------|--------------------------|
| 1950 | 2,095 | - | 1.3 |
| 1960 | 2,322 | - | 1.3 |
| 1970 | 6,438 | 20.3 | 6.6 |
| 1980 | 52,210 | 20.3 | 18.6 |
| 1990 | 75,058 | 22.9 | 20.3 |
| 2000 | 88,551 | 29.1 | 22.35 |
| 2005 | 93,096 | 29.1 | 22.81 |



Source: 2000 Decennial Census



Source: 2000 Decennial Census



Source: American Community Survey, 2006

COMMUNITY PROFILE (cont.)

| 2006 Labor Force | Avg. Annual | |
|-----------------------------------|-------------|-----------|
| | Wage | Employees |
| Finance, Insurance & Real Estate | 41,132 | 3,067 |
| Information | 34,825 | 831 |
| Trade, Transportation & Utilities | 31,396 | 8,837 |
| Manufacturing | 46,350 | 2,625 |
| Construction | 39,024 | 3,826 |
| Government | 27,251 | 5,264 |
| Services | 29,625 | 22,123 |
| | 32,258 | 46,573 |

Source: Utah Department of Workforce Services

| Building Permits | | |
|------------------|------------|-------------|
| Cal. Year: | Commercial | Residential |
| 1997 | 66 | 437 |
| 1998 | 45 | 213 |
| 1999 | 45 | 167 |
| 2000 | 30 | 182 |
| 2001 | 36 | 166 |
| 2002 | 30 | 168 |
| 2003 | 35 | 177 |
| 2004 | 20 | 115 |
| 2005 | 43 | 159 |
| 2006 | 36 | 227 |
| 2007 | 31 | 115 |

| Top Ten Property Taxpayers | | 2006 Assessed | % of Total |
|-----------------------------|---------------------------------|-----------------------|--------------------|
| Taxpayer | Type of Business | Property Valuation | Assessed Valuation |
| Macerich Co. | Real Estate Investment Trust | \$ 141,562,700 | 2.54% |
| Lawrence & Karen Miller | Auto Mall/Business Complex | 120,094,265 | 2.16% |
| Workers Compensation Fund | Insurance Company | 42,406,400 | 0.76% |
| Pacificorp | Electric Utility | 40,764,131 | 0.73% |
| SSR Western Multifamily LLC | Apartment Complex | 36,021,095 | 0.65% |
| The Boyer Company | Commercial & Office Development | 30,483,600 | 0.55% |
| Mariemont Corp. | Sandy Mall | 27,605,270 | 0.50% |
| Magna Investment | Commercial & Office Development | 25,907,000 | 0.47% |
| Qwest Communications | Telephone Communications | 24,261,065 | 0.44% |
| Becton Dickinson & Company | Pharmaceutical Manufacturing | 23,845,700 | 0.43% |
| Total | | <u>\$ 512,951,226</u> | 9.23% |

Sources: Utah State Tax Commission and Salt Lake County Assessment Records

| Top Ten Sales Taxpayers |
|------------------------------|
| Champion Ford |
| Costco |
| Home Depot |
| Karl Malone Toyota |
| Larry H Miller Chrysler Jeep |
| Riverton Motor |
| Stockton to Malone |
| Super Target |
| Utah Power & Light |
| Wal Mart Supercenter |

| Major Employers |
|-----------------------------------|
| Discover Financial Services |
| Becton Dickinson |
| ACS Business Processing Solutions |
| Sandy City |
| WalMart |
| Harman Music Group Inc |
| Alta View Hospital |
| E Trade Financial |
| Aetna Behavioral Health |
| Macey's Grocery Store |